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THE EVENTS OF TIANANMEN SQUARE

by Huan Guocang

Everyone knows how it ended. On June 4, 1989, just after midnight, tens of thousands of Chinese policemen and soldiers opened fire on student protesters near and in Peking's central plaza, Tiananmen Square. With tanks and armored personnel carriers, the troops smashed their way across the protesters' bodies, living and dead alike. According to Chinese Red Cross estimates, more than 2,600 civilians were killed in the action and more than 10,000 were injured. By dawn, the three-week occupation of Tiananmen Square was over. The massacre was followed by a nationwide crackdown that included a campaign of mass terror; a return to Maoist-style propaganda and education; destruction of nascent student and worker organizations; approximately fifty executions; and the arrest of tens of thousands of "thugs."

But the democracy movement that climaxed with the occupation of the square is not over. On the contrary, the events leading up to June 4 appear to have been but a prelude. What emerged from those events was a true democracy movement, such as China had not previously known. To be specific, this new democracy movement possesses four critical features lacking in the other democracy movements that arose and were repressed since the Communists came to power in 1949. It is independent of factions within the state, and internally democratic. It knows how to use the media, and it has acquired an international reach.

How did this radically original movement develop during the year that preceded Tiananmen Square? How has it operated? What is its future? The answers to these questions reveal why June 4, 1989, may well be remembered not as the day democracy died in China, but as the day it was born.

The Background

Three factors set the context in which the most recent Chinese democracy movement arose: the collapse of communist ideology, the stagna-

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tion of party politics, and the dislocations of economic reform.

Ideology. The failure of the communist system over four decades to make good on its promises has undermined the legitimacy of both the Chinese Communist Party (CCP) and its ideology. In addition, the responsibility of radical communism for the Cultural Revolution remains a terrible onus more than a decade after that cataclysm ended. For the majority of the population, therefore, the official ideology is dead. Most people believe that to save the country it will be necessary to make fundamental changes in the current political and economic system. Meanwhile, the government's ability to organize mass campaigns has declined dramatically; in fact, the Chinese people have successfully resisted (through non-cooperation) political campaigns against "bourgeois liberalism" in 1981, 1983, and 1987. Ongoing economic reforms, especially the expansion of private enterprise, have created interest groups that challenge the government's dominance.

Within this context, deeply disillusioned younger intellectuals began searching for new political ideas. Debates on ideological, cultural, and policy issues became more open, particularly as Western culture was introduced. Foreign books, periodicals, movies, music, and broadcasts were widely available, especially in the cities. Many books told of the political and economic success of the Organization for Economic Cooperation and Development, and of the newly industrialized countries of the Pacific Rim (Singapore, Hong Kong, Taiwan, South Korea). China's academic and other cultural exchange programs grew many-fold; the country sent more than one hundred thousand individuals to study in the West and in Japan. Over half a million Chinese visited Hong Kong every year. Simultaneously, hundreds of foreign journalists, thousands of foreign businessmen, and thousands of students and scholars came to the People's Republic of China (PRC). Millions of tourists visited China in the post-Mao era. This revolution in information created a new generation of Chinese urban youth, one much better informed about the West and eager to modernize and democratize China.[1]

The Chinese intelligentsia, having enjoyed intellectual freedom during most of the past decade, also played a key role, both in developing the government's reform policies and in educating the public. Through universities and publications, liberal intellectuals disseminated Western political and economic ideas, especially to the urban youth.

Party Politics. The regime's failure to deal with political corruption caused increasing resentment throughout the country. The children of top leaders often relied on their parents' connections to do business or advance in the government bureaucracy. These privileged elements operated illegal businesses with impunity and accumulated huge sums of money; ordinary people on fixed incomes suffered from high inflation and a lack of consumer

[1] For an example, see the personal testimony in Shaomin Li, "What China Can Learn From Taiwan," ORBIS, Summer 1989, pp. 327-340.

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goods. This pattern caused tensions between the populace and its rulers.

In addition, China's political system and its leadership entered a deep functional crisis, which remains to this day. The top leadership failed to make reliable succession arrangements. Having ousted Hu Yaobang[2] in January 1987, the old guard's power and influence rapidly increased. They particularly opposed Zhao Ziyang, the CCP's general secretary, pressuring the country's paramount leader, Deng Xiaoping, to replace him. By the end of 1988, Zhao had lost his power base in the State Council to Premier Li Peng, and had offered to resign several times. He retained his position only because Deng needed him to balance power at the top among conservatives and reformers.[3]

Economics. China's economy was highly unstable after late 1984. Although the country's real annual GNP growth was running at about 10 percent, industrial productivity had declined[4] and the government seemed unable to manage the increasingly complex national economy. Peking frequently changed development strategies and reform policies; the inflation rate remained high; huge fiscal deficits piled up; and disparities in income widened rapidly.

China's unstable domestic economy weakened its standing internationally, a matter that took on increasing significance as Peking expanded relations with the industrial countries and the newly industrializing countries. It borrowed large sums of money (over $40 billion) from abroad, yet had serious difficulties balancing its foreign trade, owing largely to institutional shortcomings and a lack of knowledge about the international market. Problems from the international market — increased protectionism, a weakened oil market, fluctuating foreign currency rates — also hurt China's economic development. In these tumultuous circumstances, the top leadership and its advisers were divided on how to stabilize the economy and pursue reform.

This ambivalence provided the setting in which the democracy movement was launched.

The Gestation Period: August 1988-March 1989

The story begins in August 1988, at the highest levels of the CCP. During that month, at the CCP Secretariat's annual working conference in Beidaihe, the reformist group in the party lost a key battle to the conservatives. The battle lines were clearly drawn: the reformist side was led by Zhao; and the conservative faction was represented by Li, Vice premier Yao Yilin, Vice president Wang Zhen, and Vice chairman of the Central Advisory Commission Bo

[2] Following Chinese usage, the family name precedes the personal name in this article.

[3] There is no simple and precise way to refer to the two camps in the CCP. Because one holds more to the older notions of Soviet-style central planning and xenophobic fear of "bourgeois" influences from the outside world, it is termed here the conservative faction; those willing to experiment with alternative economic principles and learn from the outside world are dubbed the reform faction. Clearly, these terms suffer from many drawbacks, but they have the main virtue of familiarity.

[4] Yu Guanghua, "Zhanwang yijiubajiunian," *Chengming*, January 1989, pp. 32-36.

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Yibo. Two key figures remained neutral during the conference: Deng and Yang Shangkun, the latter being the president of China and the standing vice chairman of the powerful CCP Central Military Commission.[5]

Conservatives attacked the reformers for the country's high inflation rate, huge fiscal deficit, shortage of both consumer and capital goods, and widespread corruption. More generally, they accused the reformers of losing control over the country's economy. In response, the reformers demanded implementation of the political changes that they believed necessary for the economic reforms to be fully implemented. Yet the reformers failed to come up with convincing policy proposals to deal with the immediate economic crisis. At the top, Chen Yun, chairman of the Central Advisory Commission, gave his strong personal support to the conservatives, calling for postponement of most reform programs, while Deng remained silent. Even though the conference did not develop new policies, the conservatives gained greater control over economic affairs.[6]

Despite this setback, the reform group continued to push for political liberalization. Leading intellectuals advanced opinions on what type of political system China should adopt; for the most part, they advocated freedom of the press, free elections, and a more democratic mechanism of decision making. In particular, they discussed the issue of a multi-party political system and whether it would be suitable for China.[7] They also published hundreds of articles on China's backwardness in comparison with other countries.

These debates stimulated — even exhilarated — university students throughout the country. They had become deeply disillusioned with the government and even with Deng's reforms. With the decline of the CCP reform group, students no longer believed the CCP would take the steps to enable China to build a pluralistic system based upon a market economy. For increasing numbers of students, the issue was no longer which faction within the leadership was most capable of enacting reforms, but how to oust the Communist party from power. Students met frequently on their campuses and discussed the need for a powerful movement to establish democracy. By the end of 1988, students and leading reformist intellectuals had begun to discuss how to exploit 1989's two significant political dates. One was the seventieth anniversary of the May Fourth movement, China's 1919 drive by intellectuals and students to gain for China full independence from foreign powers and to end China's "feudal" cultural and political system. The other was the two hundredth anniversary of the French Revolution on Bastille Day.

Meanwhile, divisions in China's leadership deepened. Reformist politicians and their intellectual allies faced increasing pressure from the con-

[5] Luo Bing, "Beijing shou fengqi," *Chengming*, November 1988, pp. 8-11.

[6] Yin Huimin, "Heshang yu taipingyang shidai," *Xinxinwen*, January 1989, pp. 64-67.

[7] *Shijie jingji daobao*, April 4, 1989; Yang Heng, "Kaifang de shehui caineng you zhengzhi xue," *Yuan Jian*, July 1988, pp. 16-17; and Gao Xijun, "Ta shi yidao changcheng — Beiping qingfang Fang Lizhi," ibid., pp. 32-36.

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servatives. In December, two senior conservatives, Bo and Chen, attacked Zhao's economic reform program as "undermining the socialist system."[8] In retreat, Zhao made a "self-criticism" before the CCP Politburo Standing Committee, in which he took responsibility for mismanagement of the national economy and volunteered to resign as general secretary, an offer Deng again refused. Despite Zhao's apparent victory, conservatives were by late December 1988 discussing the possibility of replacing Zhao with either Li or Qiao Shi, the CCP Politburo Standing Committee member in charge of legal and security affairs.[9] In mid-January, Deng observed that "the major direction of reform has been correct," but he allowed that "there have been minor mistakes."[10] For his part, Zhao continued to push for economic and political reform.

For increasing numbers of students, the issue was no longer which faction within the leadership was most capable of enacting reforms, but how to oust the Communist party from power.

And political tensions between state and society continued to mount. In January, an open letter from the prominent dissident Fang Lizhi to Deng urged him to release another prominent dissident, Wei Jingsheng,[11] who had been sentenced in 1979 to fifteen years in prison. At the end of the month, a group of leading Chinese scholars living in Hong Kong and the United States published a statement demanding political reforms, including free elections, free expression, a multi-party political system, and the release of all political prisoners. On February 13, a group of prominent intellectuals signed a petition to the Standing Committee of the National People's Congress calling for the release of all activists still imprisoned because of democratic activities during the 1978-1981 period.[12] Both documents were widely distributed among intellectuals and students throughout China.

Wall posters appeared in early March at universities in Peking and in several other cities. The posters targeted the current political system in a variety of ways: demanding that the Four Basic Principles[13] be deleted from

[8] Shun Ying, "Cong weicheng dao tusha," *Xinxinwen*, June 1989, pp. 12-16.

[9] Zuo Ni, "Laorendang dao Zhao mimou liuchang," *Chengming*, January 1989, p. 10.

[10] *South China Morning Post*, January 30, 1989; published in FBIS: *China*, January 30, 1989.

[11] Fang Lizhi, Untitled letter, *Chengming*, February 1989, pp. 24-25; translated and published in *Index on Censorship*, February, 1989, p. 18.

[12] *Ming Pao*, February 17, 1989; translated and published in *Inside China Mainland*, April 1989, pp. 14-15.

[13] Marxism-Leninism-Mao Zedong Thought; the Leadership of the Communist Party; the People's Democratic Dictatorship; and the Socialist Road.

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the Chinese constitution; calling for the elimination of the CCP's dominance over China's public life; and demanding a multi-party system, with freedom of expression, and an end to "old-man dominance of political power."[14] Students and intellectuals created a variety of political discussion groups, and criticism of the official ideology, the political system, and the leadership became increasingly intense. Preparations for a big demonstration to be held on the anniversary of the May Fourth movement were well under way by mid-March. As one observer put it in mid-1988, "There is a bunch of dry wood; all you need is to light a match."[15]

Building Up: April 1989

That match turned out to be the sudden heart attack and death of former CCP General Secretary Hu Yaobang on April 15. Hu had a following among intellectuals and students, in large part because he refused to crack down on students during the January 1987 protests. His passing prompted the quick emergence of a student movement in Peking, which then spread to other major cities. Students held street demonstrations and sit-ins in Tiananmen Square to denounce the 1987 "anti-bourgeois liberalization campaign" and to demand Hu's rehabilitation. They also called for the elimination of bureaucratic corruption and an end to dominance by elderly leaders, including Deng. Tensions rose quickly. On two successive nights, April 18 and 19, students clashed with police in front of the Xinhuamen gate of Zhongnanhai, the CCP headquarters. Tens of thousands of students occupied Tiananmen Square on April 22, demanding an interview with Premier Li, to no avail.

Along with these confrontations, the students were also beginning to organize themselves. On April 19, Peking University students rejected the legitimacy of the official student union and formed the "Committee for the Preparation of New Student Organizations." The next day, they elected a "Committee for the Preparation of Student Solidarity." Students at other universities also formed independent organizations, occupied the offices of official student unions, and took control of university broadcast stations. On April 22, representatives from twenty-one Peking universities formed the "Universities' Temporary Committee," later renamed the Peking Autonomous Association of University Students (PAAUS). PAAUS quickly became the headquarters for the student movement. Among other tasks, it coordinated student activities and dispatched representatives to mobilize students in other cities.

On April 22, at the official memorial service for Hu Yaobang in the Great Hall of the People, Zhao delivered a speech praising Hu as a "Marxist and leader of the CCP." Outside, in Tiananmen Square, tens of thousands of students demonstrated to express their support for Hu. Afterward, they did not

[14] Euyang Minglang, "Zhishifenzi fandui Zhonggong de douzheng," *Chengming*, May 1989, pp. 25-27.
[15] Ibid., pp. 22-23.

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return to their classrooms and normal life, but continued to prepare for further protests, focusing on May 4.

The government began a counterattack on April 23. On that date, the Peking Municipal Party Committee reported to the CCP Politburo Standing Committee on the student wall posters and their organizations. The report called the demonstration the beginning of "chaos" aimed at overthrowing the leadership of the Communist party and the socialist system. It asked for a mandate from the top leadership so that the Peking Municipal Party Committee could deal firmly with the problem. In the absence of Zhao, who was in North Korea, the CCP Politburo Standing Committee (joined on this occasion by Yang) approved the report.

On April 25, Li, Yang, and Qiao briefed Deng on the decisions taken. In response, Deng characterized the movement as "chaos" and accused the students of attempting to overthrow the leadership of the Communist party. (Interestingly, he blamed the "turmoil"on developments taking place in Eastern Europe and the Soviet Union — and this just days before the visit by Mikhail Gorbachev to Peking.) Deng maintained that the students lacked political education based upon the Four Basic Principles. He called for separating the movement of university students from other demonstrators, promised that the Ministry of Public Security would be strengthened, and — six weeks before the massacre on June 4 — mentioned the possibility of using the army to end the protests.

The CCP also held meetings of party cadres in Peking and Shanghai, calling for "struggle against chaos."[16] The CCP Committee in Shanghai dismissed Qin Benli, editor-in-chief of *Shijie jingji daobao*, the most influential liberal weekly in the country, and a team of loyal party cadres took over his duties.

On April 26, *Renmin Ribao* published an editorial based on Deng's speech, which called for a serious political struggle against a "handful of bad elements" within the student movement. Everyone recognized this terminology as harking back to the Cultural Revolution. On April 27, more than two hundred thousand students protested the editorial by demonstrating in Tiananmen Square, demanding that their movement be recognized as "patriotic" and that their elected representatives be granted a direct dialogue with the country's top leaders. Further, they demanded that these dialogues be broadcast live to the whole country.

To avoid giving the conservatives an excuse to crack down on them, students also held posters with such slogans as "Support the Communist Party" and "Support Socialism." They also unfurled slogans against inflation, corruption, bureaucratism, and abuse of privilege, which attracted support from a broader section of society. Several hundred journalists and thirty-three leading intellectuals signed petitions protesting the dismissal of Qin Benli

[16] *Renmin Ribao*, April 27, 1989.

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and demanding freedom of the press.

On April 29, the government did hold an initial dialogue with some students, but they were mostly representatives of the official unions. Just one representative from the independent student unions, Wuer Kaixi from PAAUS, was allowed to participate. The leadership clearly intended to split the movement with this tactic, but it failed because the party-controlled student unions had already lost their credibility. At the meeting itself, the State Council's spokesman, Yuan Mu, refused to back off from the April 26 editorial or recognize the legitimacy of the independent unions.[17] On May 1, PAAUS issued a statement denouncing the meeting and demanding an "equal, sincere, direct and open" dialogue between the government and democratically elected student representatives.

The Climax: May 1989

On May 4, the anniversary day itself, more than three hundred thousand students held a demonstration in Peking, and they were joined by university professors, high school teachers, intellectuals, workers, government employees, and artists. This marked the first joint street protest between students and others. In addition, more than five hundred journalists, both Chinese and foreign, covered the event, for by this time the student-led movement had become the top international news story. Demonstrations spread to more than ten other major cities.

These developments aggravated divisions within the leadership. Zhao returned from North Korea on April 30 and lobbied other senior leaders, including Deng, to repudiate the April 26 editorial.[18] On May 3, Zhao gave a public speech at a gathering to mark the seventieth anniversary of the May Fourth movement. On May 4 itself, in a speech to a meeting of the Asian Development Bank, he stated that "the students are patriotic" and he called for stability, rational restraint, order, democracy, and a more highly developed legal system. He refused, despite strong pressure from Li and Yang, to include a paragraph denouncing "bourgeois liberalization."[19] As a result, Deng decided to oust Zhao. In preparation, Deng mobilized his forces by consulting members of the old guard such as Yang, Chen, Li Xiannian (a former president of China), and Peng Zhen (a former chairman of the National People's Congress), building a consensus among them in favor of a hard-line approach toward the students.[20]

In the days after May 4, most students resumed their classes, with the important exception of those enrolled at Peking University, where students are traditionally more radical and far better organized. At the same time, the students continued to gain support from intellectuals, workers, and govern-

[17] *Zhongguo Ribao*, May 27, 1989.
[18] Ibid., June 14, 1989.
[19] *Renmin Ribao*, May 4, 1989.
[20] *Shijie Ribao*, June 12, 1989.

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ment employees. Also, posters went up in Tiananmen Square and on university campuses demanding an overhaul of the political system and criticizing its leaders.

On May 11, PAAUS planned a spectacular demonstration in Tiananmen Square for May 16, the second day of Gorbachev's visit to the PRC. On May 13, 3,000 students began a hunger strike in the square, demanding a dialogue with top leaders. This hunger strike gained the strong support of intellectuals, journalists, government employees, and professors, many of whom signed petitions urging the government to talk to the students. On May 16, the demonstration in Tiananmen Square numbered in the hundreds of thousands. Then, on May 17, as many as three million people demonstrated throughout the city, including government officials, military officers, and even policemen. Many held posters demanding an end to Deng's political dominance.[21] A group of prominent intellectuals released a "May 17th Declaration" demanding an end to the political dominance of Deng and his geriatric colleagues. The declaration characterized the movement as "the last struggle to bury China's dictatorship."[22]

On the morning of May 18, Zhao, Li, and Qiao went to visit some hospitalized students. That afternoon, Li met representatives from PAAUS in a tense confrontation. Back in Tiananmen Square, thousands of students continued their hunger strike. Huge demonstrations took place in Shanghai and other major cities. That same day, Deng called a meeting of the CCP Politburo Standing Committee, which was also attended by several top military figures. At the meeting, Deng called for the imposition of martial law and an end to the "chaos" by "whatever means." Zhao, on the other hand, expressed his disagreement with Deng's decision to impose martial law. He proposed to resign his post as general secretary. Nevertheless, Deng refused to accept his resignation and tried to force him to carry out his order.[23]

Early the next morning, in perhaps the most dramatic and daring act by a member of the leadership, Zhao went to the Square to plead, with considerable success, for an end to the hunger strike. That evening, according to the CCP Politburo Standing Committee's decision, Zhao was scheduled to appear live on national television and read a tough speech (widely believed drafted by Hu Qiaomu, the top conservative ideologue). When Zhao refused to appear, Li read the text. In the speech, Li strongly criticized the student movement for creating chaos and trying to overthrow the Communist party. He threatened to use the army and security forces against the democracy movement.

After the meeting, Yang ordered troops to enter Peking. The next day, May 20, Premier Li declared martial law in the Peking region. Over the next

[21] "Minyun beiwanglu," *Chengming*, June 1989, p. 42.
[22] *Zhongguo Ribao*, May 17, 1989; and ibid., May 18, 1989.
[23] *Shijie Ribao*, June 12, 1989.

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few days, seven armies of over 150,000 men equipped with tanks, cannons, and anti-aircraft missiles moved to the outskirts of Peking. To control the soldiers better, the Central Military Commission prohibited them from reading newspapers, listening to radio broadcasts, or watching television.[24]

An extraordinary ballet of sorts took place over the next ten days, as millions of Peking residents sought to prevent the troops from moving toward Tiananmen Square. Students, workers, the elderly, children, and others talked to the baffled soldiers, offered them food and drink, and worked to convince them not to attack the students. In the process, they stopped thousands of armored personnel carriers and trucks. Day and night, Peking residents lay themselves in front of military vehicles, even tanks, to blockade the way to the Square.

The students who had called off their hunger strike for Zhao changed their minds upon learning of the speeches by Li and Yang. They demanded the resignations of Li and Yang, the retirement of Deng, and an end to martial law. Workers and intellectuals began to organize. The Peking Association of Intellectuals was formed on May 24; the Peking Workers' Autonomous Association came into existence two days later; and the Peking All Sectors' Association on May 31. (Sectors are various social groups, such as students, workers, intellectuals, and so on.) These organizations and PAAUS led the protest movement. They also continued to communicate with students in other cities, where huge demonstrations calling for the resignations of Li and Yang continued. These nationwide protests led a number of senior officers to sign a petition on May 22 urging that troops not be brought into Peking. And when officers from military colleges joined the demonstrations, the pressure on the top leadership increased substantially.

Owing to their success in blockading troops, the citizens' mood in Peking, Shanghai, and other major cities was euphoric. Rumors spread about rifts at the very top leadership, sparking hope that the military might pressure the politicians into softening their policy. In Tiananmen Square itself, however, students were beginning to wear out. Not only did the square become fetid after six weeks of outdoor living, but the students began to disagree amongst themselves over tactics: Should they continue to demonstrate in Tiananmen Square, or end the demonstration and go back to their campuses to continue the struggle there? By the beginning of June, Peking students had largely abandoned the square; most of the ten thousand or so who remained came from other cities.

In an effort to resuscitate the expiring movement, four prominent individuals announced a hunger strike on June 2. Among them were Liu Xiaobo, an assistant professor of Chinese literature from Peking Normal University, and Hou Dejian, a singer originally from Taiwan. While urging the government to accept student demands, they also encouraged students

[24] Yu Guanghua, "Deng-Li-Yang jituan bibai," *Chengming*, June 1989, p. 52.

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to return to their campuses, reorganize, and continue their struggle in association with workers and others. The hunger strike of these four sparked a new series of protests, and on June 2 and 3, more than one million people gathered in the square. By the evening of June 3, however, most had left.

Beginning on the morning of June 3, confrontations intensified between security forces and Peking citizens blocking their march to Tiananmen Square. To create excuses for the planned crackdown, policemen and soldiers provoked fights and purposely gave up some of their weapons and vehicles. Armed men occupied most of the buildings surrounding the square by early morning, June 3. In the evening, they prepared themselves for an attack on the demonstrators in the square.

The Democracy Movement's Strengths and Weaknesses

It was a foregone conclusion that armed troops would win the physical battle against unarmed demonstrators. But the moral and political battle is likely to turn out differently, for the temporary success of the student movement revealed some powerful tools for effecting political change. These include:

Autonomy from the state. Never before during four decades of communist rule had Chinese citizens organized an independent political movement, much less had they ever demonstrated by the millions for fundamental changes in the political system and for the resignations of top leaders. Now they had. Wall posters and public speeches argued for the establishment of a multi-party system, free elections, and freedom of expression. Especially during the later stages of the movement, increasing numbers of participants demanded the end of the CCP's rule. This was not, in other words, a protest manipulated by one or another faction within the CCP, despite efforts by some of Zhao's assistants to influence the new organizations. As a student leader, Chai Ling, put it, "We are not interested in this or that group within the government; we are interested in democracy and freedom."[25] The events of 1989 are likely to mark the beginning of the rise of Chinese society against the state.

Democracy. Students, workers, and intellectuals organized their own associations, publicly formed and based on democratic principles. Leaders were elected, and major decisions were made collectively and approved by committee votes. Most students regarded the implementation of democracy in their organizations as a starting point for democracy in the country. Indeed, the student leaders rigorously followed these principles. On May 21, for example, Wuer Kaixi, the chairman of PAAUS, urged the students to leave Tiananmen Square — without consulting the other student leaders. PAAUS immediately held a meeting, at which a majority vote overturned Wuer Kaixi's decision and removed him from his position. Wuer Kaixi accepted the

[25] *Zhongguo Ribao*, May 29, 1989.

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decision and continued to participate in the demonstrations as an ordinary student.

Overseas supporters. Student leaders in Peking and Shanghai worked closely with Chinese students and scholars abroad, especially in the United States. Chinese students overseas rallied support by demonstrating at the United Nations and Chinese embassies and consulates, writing letters, raising money for the protesters back home, lobbying for sanctions against their government, and a host of other activities. To counter the Chinese government's disinformation campaign, students abroad did all they could to tell the truth about the repression. In Washington, for example, Chinese students testified against their government in congressional hearings.

Domestic and international media. Many Chinese journalists joined the movement and published documentary articles and photographs. Accordingly, the early weeks of the movement may have marked the most liberal period for press freedom in China since 1949. Participants understood the importance of the international media and worked closely with it, granting interviews to foreign journalists and appearing on television. Also, it was no coincidence that the largest gathering of the whole effort took place when Gorbachev was in town, along with a great number of foreign journalists. The international media's accurate and extensive reportage earned the movement wide support internationally.

The democracy movement also had important weaknesses. The avalanche of declarations and statements was no substitute for a comprehensive program combining short-term and long-term goals. Lacking such a program, the movement could only react to government actions, not offer a positive plan of its own. Because of this, students had to rely on reformist politicians and generals to carry their water.

The student leadership was often divided; it also concentrated too much energy on Tiananmen Square and did not develop effective campus organizations. Student organizations also failed to coordinate their activities with workers and intellectuals. To be sure, this was not entirely the students' fault, for workers and intellectuals were far less organized than the students. Trade unions failed to develop an effective leadership, and, although tens of thousands of intellectuals participated in the demonstrations, only a few hundred organized themselves.

What Lies Ahead

There may be parallels between developments in Poland and in China. The Polish government imposed martial law and banned the Solidarity movement in 1981, arresting thousands of Solidarity activists, including most of the leaders. Yet Solidarity and its supporters abroad continued the struggle. As a result, in 1989, Solidarity was legalized and became a true political party, challenging the communist system, and finally heading a coalition government.

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Clearly, the Chinese case differs in many important ways: Moscow does not stand guard over events in Peking, the fledgling democracy movement never reached the institutionalization or scale of Solidarity, and the repression in China was much bloodier. But these differences may not matter that much. While repression will prevent uprisings against the regime in the short run, the democracy movement will with time prevail, much as Solidarity has.

The events of 1989 are likely to mark the rise of Chinese society against the state.

In part, this is because the problems that gave rise to the democracy movement have not been solved. The leadership split is far from over; many in the establishment quietly but strongly oppose the massacre. The unstable mixture of economic freedom and political control remains in place, and is now even more combustible. In part, the international environment also makes it difficult for the government to pursue thoroughly repressive policies. While the conservatives look to Moscow for support and aid, there are clear economic and political limits on what the Kremlin can do (or wants to do) for Peking. In the West, Chinese leaders face massive criticism of the crackdown, cuts in economic and exchange programs, suspended sales of military technology, and corporations reluctant to invest in a volatile situation. Vehement reactions in Hong Kong and Taiwan have seriously damaged Peking's standing in both societies and have jeopardized its political ambitions there. (The massacre had an especially profound impact in Hong Kong, politicizing and scaring a population that previously had been relatively quiet about its future as part of China.)

Finally, the democracy movement remains alive. In past years, the government would have been able to call on party organizations or other institutions such as the Communist Youth League to turn the population against the protesters and their cause. In remote areas, perhaps, the government's propaganda and political education campaigns may yet succeed, but not in the cities. Chinese citizens have a new sense of community; no longer are they disenfranchised individuals dealing with an all-powerful state. The government now has to depend heavily on the military and police for repression, rather than on social pressure and the instinct for self-preservation. And, of course, reliance on coercion fosters more alienation of the sort that prompted the democracy movement in the first place. Force may deter new uprisings but it will not convince the people to accept the reigning ideology. Conflicts between state and society are bound to grow more acute.

As for those who participated in the pro-democracy movement, only a tiny fraction can be pursued by the regime. Within China, many activists have gone into hiding — another phenomenon that would have been impossible

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to sustain until recently. They are likely to develop their own underground organizations, programs, and leadership. Some activists left the country to join the overseas Chinese democracy movement, organized mainly by PRC students and scholars abroad. With support from overseas, the movement born in Tiananmen Square will continue to mature. And when the next political crisis begins — stirred perhaps by Deng's death or an economic breakdown — the Chinese democracy movement will re-emerge. Armed with new skills, it will have another chance to create a free and democratic society in China.

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WHY ASAD'S TERROR WORKS AND QADHDHAFI'S DOES NOT

by Daniel Pipes

The Middle East has special importance for terrorism. It is the region that hosts the greatest number of agents engaged in terrorism, and these terrorists promote the widest variety of ideologies. The Middle East has also witnessed by far the most incidents of an international character, and most new trends develop first in the Middle East, then spread to other areas.

In recent years, the most important new development in Middle East terrorism has been the adoption of terrorist methods by state authorities. Politically motivated violence against noncombatants has evolved from a tool used exclusively against the state into an instrument of the state. Thus, in addition to helping clandestine groups fight against central authority, terror now serves weak states against more powerful ones, and in this sense constitutes a novel form of military conflict. This development makes terrorism far more important politically than it would be if confined to small organizations hiding from the law.

The following survey offers a political-military analysis of the major Middle East sponsors of terrorism. It includes three states — Libya, Iran, and Syria — and one movement, the Palestine Liberation Organization (PLO). It excludes less important, though still significant, sponsors of terrorism such as South Yemen and Iraq.

The PLO — though not a state (and indeed not a single movement, but a coalition of several autonomous groups) — clearly deserves inclusion here. In the matter of employing terrorism, it resembles a government more than it does the usual irredentist movement. Its financial means resemble those of a state and its wide diplomatic recognition (greater than Israel's) gives it a unique international presence. Further, the PLO has controlled large areas of territory over extended periods, in both Jordan and Lebanon.

To look at state-sponsored terrorism, we begin with an assessment of the four sponsors' effectiveness and then consider the reasons for their very different records.

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Libya

Mu'ammar al-Qadhdhafi's goal from the time he came to power in September 1969 was to make himself the most powerful leader of the Middle East. A man with unusual views and a turbulent temperament, he pursued radical solutions on a host of issues, including Israel, Islam, and the good society. (His views on this last were incorporated in the "Third Theory," which he expounded widely and tried to apply in Libya.) But three limitations frustrated his ambitions: the small and unskilled population of Libya, the difficulty of turning cash from oil sales into power, and widespread resistance to his views, especially outside Libya.

Terrorism offered a way to solve these problems. Because it required only a few operatives, it solved the problem of demographic limitations. Because foreigners were hired for operations, it allowed money to be used to good effect. And because it permitted direct action far away, it allowed Qadhdhafi to exert pressure around the globe.

Qadhdhafi proved himself better at creating mischief than achieving political goals. His agents killed people and gained attention, but they changed almost nothing.

Accordingly, the Libyan government began sponsoring terrorism shortly after Qadhdhafi came to power. Besides Israelis, dissident Libyans abroad felt Qadhdhafi's wrath most often, but so did Arabs who disagreed with him, as well as Muslims and Westerners. By 1975-76 Qadhdhafi's hand was nearly everywhere — in the Middle East and Western Europe especially, but also in Africa, the Americas, and the South Pacific.

Nevertheless, Qadhdhafi proved himself better at creating mischief than achieving political goals. His agents killed people and gained attention, but they changed almost nothing. Dissident Libyans continued to work against Tripoli; Israelis endured Libyan-sponsored attacks; Qadhdhafi's neighbors survived his persistent efforts at subversion; Muslim rulers outlasted his efforts at subversion; and Western democratic governments maintained their principles. In short, terrorism's considerable potential eluded Qadhdhafi. Accordingly, his reliance on this tool decreased, beginning in the mid-1970s, and it has not been satisfactorily replaced by anything else. This failure goes far to explain Qadhdhafi's obvious frustration in recent years.

The PLO

The Palestine Liberation Organization seeks to destroy the State of Israel and replace it with an independent Palestinian polity under its own control. Founded in 1964, the PLO began as a tool of the Egyptian government.

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The overwhelming defeat of three conventional armies in the Six Day War of June 1967, however, prompted Arabs to seek an alternate weapon against Israel; and this is what the PLO, with its romantic notions of individual combat, offered. With the support of Arab and communist governments, the organization was quickly transformed from a minor movement into one of the most prominent actors in Middle East politics.

But it was militarily weak. So, rather than tangle with the formidable Israeli Defense Forces, the Palestinians developed an alternate way to destroy Israel, based on terrorism. Inspired by the Front de Libération Nationale in Algeria (and to a lesser degree by the Viet Cong), the PLO hoped to make life so miserable for Israeli civilians that they would eventually give up and abandon the country. This strategy allowed, even encouraged, attacks on the innocent and the undefended — thus the PLO's long record of massacring children and other civilians. In essence, the PLO viewed Israelis as foreign settlers who, like the *pieds noirs*, would opt to leave when the price got too high. (The same analogy was put this way, decades later, by Mu'ammar al-Qadhdhafi: "We consider Palestine today like Algeria yesterday .... There used to be as many French settlers as there are Israelis now in Palestine. And yet those French settlers were expelled, Algeria became Arab, and the Algerian people won full independence.")[1]

But herein lay a basic misconception, for unlike the French in Algeria, very few Israelis have another home to return to. Moreover, Jews live in Palestine not just for reasons of convenience and gain, as did the French in Algeria, but for powerful religious and nationalist motives. Based on this understanding, flawed as it was, the PLO's violence failed to have its intended effect. The acts were spectacular, the attention enormous, but the results were insignificant. Israelis were killed, but the intended political impact of the deaths was not achieved. Concessions or changes in policy by Israel were not forthcoming. Indeed, Arab states have probably been challenged more by PLO terrorism than has Israel.

To be sure, the PLO has much to boast of — its many diplomatic representations, widely accepted legitimacy, a great reserve of funds — but these resulted from its wide support among Arab states and its own political skills, not from the killing of innocents. The Palestinians had a strategic purpose for terrorism but it was flawed, and this deficiency very much reduced the impact of PLO efforts.

Iran

The Islamic Republic of Iran strives to export its eccentric and fundamentalist reading of Islam throughout the Middle East and the Muslim world. Seeking nothing less than a basic re-orientation of public life along strictly Islamic lines, it has used all methods available to achieve this goal.

[1] Tripoli Television Service, June 8, 1988.

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On coming to power in February 1979, Ayatollah Ruhollah Khomeini and his followers hoped that moral exhortation would be sufficient to rouse Muslim masses abroad, thereby bringing down what they considered to be hypocritical Muslim regimes. The ayatollah's stirring rhetoric did have an impact, especially in the aftermath of the Mecca takeover in November 1979, when Khomeini's angry response led to assaults on U.S. embassies in half a dozen countries. Words alone, though, overthrew no government. So, by the end of 1979, the Iranians began aiding foreign groups to augment their efforts internationally. These groups engaged in anti-government sabotage and attempted coups d'état, notably in Bahrain, Iraq, and Saudi Arabia. But in September 1980 Iraq attacked Iran, and Iran's main goal for the next eight years was the defeat of Iraq. Strapped for money and manpower, the luxury of sponsoring conventional efforts to change foreign regimes lapsed.

Instead, Tehran resorted to terrorism. This tool had the advantages of requiring little money and few operatives; at the same time, it made good use of what Iran had in abundance — devoted followers. Tehran also developed an institution that changed the face of state-sponsored terrorism, the suicide attack. Yet even Khomeini lacked enough devotees for this form of terror, so his government had to search for a mechanism to keep up a steady supply of recruits. Tehran eventually created a virtually unlimited pool of recruits by relying on the state's intelligence sources to coerce individuals into undertaking suicide operations.

Iranian leaders deployed the terror weapon with intelligence and strategic purpose. Consequently, Tehran achieved some of its policy goals through terror. It caused some other states — including Pakistan and Turkey — to run scared. Most of the small Persian Gulf states bent over backwards to accommodate Iranian wishes, and many Muslim governments appeased the ayatollah in hopes of keeping his agents away. Concomitantly, Western influence was reduced in much of the Middle East.

Iranian efforts have been concentrated on Lebanon, and rightly so, for a civil war has been raging there since 1975, making the country unusually open to Iranian influence. Anarchy in Lebanon offers virtually unlimited freedom of action and avoidance of responsibility. Accordingly, most of Tehran's terror operations have emanated from Lebanon, the site of its training camps. Further, years of war bred irrationalist impulses, so most of the terror has been executed by Lebanese Shi'is. Too, the country's political fluidity offers the possibility of creating a second Islamic republic.

Iranian actions threaten Westerners with special menace. In illustration, I offer a personal experience that took place in March 1988, when I served as a U.S. delegate to the United Nations Commission on Human Rights in Geneva. As one of my duties, I handled the Iran portfolio — attending meetings on this issue and negotiating on behalf of the United States. This commission annually passes a resolution introduced by a West European state that condemns the abuse of human rights in Iran. But that year, because of widespread Iranian terrorism against Britons, Frenchmen, Germans, and

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others, no West European state stepped forward to introduce the Iranian resolution. Oh yes, they would all vote for it; but, in United Nations terms, voting is not everything. Introducing a resolution is a stronger action, and customarily every resolution is formally introduced by a member state. (The United States would gladly have introduced the Iran resolution, but in the eyes of many this would have politicized the effort and weakened support for it.)

Europeans worried much more about crossing the ayatollah than the Kremlin. *This* is an effective use of terrorism.

Thus, a slight sense of panic spread each time the subject of Iran came up at a meeting of the Western states. Two-thirds of the representatives would flee the room when the dread name was spoken, not wanting to be associated in any way with the resolution's introduction. The Japanese ambassador muttered, "I want to escape." The French delegate scurried from the room, smiling tightly as he claimed an "urgent" meeting. West German and Italian delegates slunk off without a word. Why did they take off like this? Because their governments feared more terror out of Tehran. When it came time to vote against the Soviet record of human rights abuses in Afghanistan, one could hardly restrain the Europeans, who eagerly looked forward to introducing the resolution. In short, they worried much more about crossing the ayatollah than the Kremlin.

This is an effective use of terrorism. More recently, widespread apprehension in the West in the wake of Khomeini's edict against Salman Rushdie has again proved the power of Iranian threats on a virtually global scale.

Syria

Finally, consider the Syrian government. Hafiz al-Asad aims to control, or gain preponderant influence over, all the territories that make up the region known as Greater Syria — Lebanon, Palestine, and Jordan, in addition to Syria proper.

Asad began to deploy state-sponsored terror in a significant way a few years after coming to power in November 1970, and his judicious use of this instrument is key to his statecraft. Asad never boasts or indulges in media spectaculars, and he always attends carefully to timing. He acts with great secrecy, leaving open the possibility of making public deals that improve his reputation. Asad's hallmark is the closely calculated, low-key, and far-sighted use of terror.

Absent is the usually clear association between sponsor and operatives. Damascus controls a great number of groups, and these, rather than the

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Syrian government itself, undertake the terrorist operations. In addition to the many Palestinian groups he has brought under the banner of the Palestine National Salvation Front, organizations acting on Syria's behalf include the Syrian Social Nationalist party, the Armenian Secret Army for the Liberation of Armenia, the Kurdish Worker's party (PKK), the (Druze) Progressive Socialist party, the Democratic Front for the Liberation of Somalia, and the Eritrean Liberation Front. Others too (such as the pope's assailant, Mehmet Ali Agca) have received training in Syria. Many of these organizations are based in the Biqa' Valley of Lebanon, nominally in a separate country, but in fact under Syrian control.

Indirect sponsorship offers Asad several advantages. It allows him to call on a greater number of individuals and organizations; he can more plausibly deny culpability when agents are caught; and it permits him to play an intermediary role between the groups and foreign governments. He is able to maintain decent relations with many other states — even those whose citizens suffer his predations.

Asad's efforts have had considerable success, for his use of terror often affects the policies of other states.

Asad's efforts have had considerable success, for his use of terror often affects the policies of other states. In the Arab-Israeli conflict, terror is instrumental in preventing Arab states and 'Arafat from adopting more accommodating policies toward Israel. In Lebanon, it helps Damascus control a majority of the country. In the Persian Gulf, it keeps the money flowing. With Libya and Iran, it boosts an otherwise frail alliance. Terrorism enhances Syrian power, and so increases Asad's value to the Soviet Union; in particular, operations against Turkey help destabilize a key member of the North Atlantic Treaty Organization.

Nowhere, however, is the impact so great as it is vis-à-vis the Jordanian government. It can be argued that the entire Syrian-Jordanian relationship is dominated by the threat of terrorism from Syria. One round of attacks began in late 1983: in India, the Jordanian ambassador was shot on October 25; in Italy, the next day, the ambassador was wounded; in Greece, during November, a security agent was killed; and in Spain, on December 29, submachine-gun fire on two persons killed one and wounded the other. Abu Nidal's group — based in Damascus — was implicated in all of these cases.

The attacks then abated, only to begin again when King al-Husayn and Yasir 'Arafat agreed on February 11, 1985, to work together, a pact that both the Syrian and Soviet governments strongly opposed. A four-month sequence of terrorist activities followed. It included a bomb at the American Research Center in Amman; an explosion in an airliner of the Jordanian carrier, Alia; a

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hand-grenade attack on Alia offices in Athens; a rocket attack on the Jordanian embassy in Rome; a rocket attack on an Alia plane in Athens; an Alia plane hijacked in Beirut and blown up; a bomb attack on Alia offices in Madrid; and the assassination in Turkey of a Jordanian diplomat who also happened to be the brother-in-law of the Jordanian commander in chief.

This campaign had Amman under siege, and it played a major role in the abrogation of the Jordan-PLO accord in February 1986.

The Success of Terror

Two observations follow from the patterns adduced here.

First, when judged by their aims, the four main sponsors of terror have fared very differently. Qadhdhafi remains impossibly far from becoming the most powerful politician of the Middle East; 'Arafat has little prospect of destroying Israel and founding a Palestinian state; the Iranians have some chance of expanding the Islamic Revolution; and Asad has proceeded quite far in the direction of Greater Syria. Significantly, this lineup from frustration to achievement exactly reflects their gains from terrorism.

Second, failure or success has varied according to the coordination of means and ends. Qadhdhafi gained least, for he had no strategy. The least rational leader in this sample, he had only the vaguest of objectives. He reveled in violence for its own sake and was always active, even when there was no apparent goal. The PLO also accomplished little from terrorism (although quite a bit from its other activities), for it too pursued a mistaken strategy. Caught up in the rhetoric and drama of terrorism, it fabricated incidents out of whole cloth and persisted in the use of terror long after this weapon proved counterproductive.

In contrast, the Iranian government deployed terrorism as a means to shake up the region and even to challenge the United States. The Iranians had clear goals and wielded terror to promote these. But the Syrian use of terror has been most crafty. Hafiz al-Asad knew what he wanted and deployed violence with skill. He became a major force in regional affairs — acting and forcing others to react — in large part due to the intelligent use of terror.

The critical factor here concerns the ability to connect means and ends. The failed leaders engage in murder for its own sake; the successful ones make terrorism part of a larger strategy. It is in this sense that Asad is the most competent, Qadhdhafi the least. Asad invariably has a clear sense of what he is trying to achieve; he uses terrorism just as he would any other instrument of state. Qadhdhafi, a radical who cannot long keep his attention on any single matter, has confused ideas or too many ideas, and so hardly makes plans. He wallows in carnage and mayhem and seems to enjoy them in their own right. Asad directs his fire on a few vulnerable targets; Qadhdhafi scatters his around the globe. One has specific goals in mind; the other seeks to spark revolutions.

Put differently, efficacy is inversely proportionate to the irrationality of

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the leader. A passionate temperament and emotional indulgence make it hard to control the terrorism tool. The utility of a terrorist undertaking is largely determined by a leader's cunning, vision, and his ability to relate policy to strategy.

These observations suggest one major policy implication for the West: when it comes to terrorism, pay more attention to Syria and Iran, less to Libya and the PLO. The PLO and Libya garnered early attention, for they had this field largely to themselves until the late 1970s. By now, however, they are has-beens; Damascus and Tehran are the sponsors that count most.

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THE ARMS MARKET: WHO'S ON TOP?

by Stephanie G. Neuman

After years of spectacular growth, the international trade in weapons began to contract in 1985. As a result, a vigorous debate has arisen within the international community regarding the impact of this contraction on the influence of the great powers, particularly that of the United States. Many analysts believe recent trends augur a decline in America's role in the arms market and consequently in its global influence.[1] A close review of the past twenty-five years, however, suggests that despite significant changes in the international arms trade, the dominant position of the United States remains and will remain unchallenged.

More Importers, Exporters, and Producers

Although the international arms market has changed in many ways during the last quarter century, two trends stand out: the amount of money involved and the participation of less-developed countries. Exports of military hardware and services have more than doubled. In 1963, before the war in Vietnam escalated, world exports of defense items amounted to $16 billion (all dollar values here are in 1985 dollars); in 1986, $40 billion.[2] (See Table 1.)

Furthermore, the number of states importing arms has risen — from 91 countries in 1963 to 118 in 1986, dropping to 112 in 1987. Those in the Middle East have been the largest consumers. Between 1978 and 1987, the five biggest importers were (in descending order) Iraq, Saudi Arabia, Syria, Libya, and Iran. During the second half of this decade (1983-87), India

[1] For one example, see Edward Kolodziej and Frederick S. Pearson, "The Political Economy of Making and Marketing Arms: A Test for the Systematic Imperatives of Order and Welfare."(Paper delivered to the International Studies Association Conference, London, March 1989), pp. 16, 31.

[2] Unless otherwise noted, all figures are derived from the U.S. Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers* (WMEAT) and the U.S. Defense Security Assistance Agency (DSAA), *Fiscal Year Series*. Dollar values for arms imports and exports include military-related construction and services. ACDA's *WMEAT, 1987*, containing 1986 data, was the latest source available at the time of writing. *WMEAT, 1988*, containing 1987 data, was released as this article was being prepared for publication. *WMEAT* data for 1987, and 1988 data drawn from other sources, were included wherever possible.

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TABLE 1
CHANGE IN THE ARMS EXPORT MARKET (1963 - 1986)

Exporting States	1963 Dollar Value (millions)	1963 Market Share (percent)	1973 Dollar Value (millions)	1973 Market Share (percent)	1963-1973 Change in Market Share (percent)
NATO Europe	1,870	12	4,220	12	1
Other Europe	160	1	220	1	z
United States	8,980	56	15,940	46	-10
Other Western	240	2	360	1	z
Soviet Union	4,180	26	11,870	34	8
Other Warsaw Pact	500	3	1,290	4	1
Developing States	60	z	600	2	1
World Total	16,000		34,510		

NOTES: In Table 1 and Table 3, dollar values of deliveries are given in millions of 1985 dollars; figures have been rounded off to the nearest whole percentage. Z signifies less than 0.5 percent. All totals and percentages were calculated from unrounded dollar values, and thus may differ from totals and percentages calculated from the rounded figures given here.
NATO Europe includes Belgium, Denmark, France, Federal Republic of Germany, Greece, Italy, Netherlands, Norway, Portugal, Turkey, United Kingdom. *Other Europe* includes Austria, Finland, Ireland, Spain, Sweden, Switzerland, Yugoslavia. *Other Warsaw Pact* includes Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania. *Other Western* includes Canada, Japan, Australia, New Zealand, Fiji, Papua New Guinea. *Developing States* includes Africa, Asia (without Japan), Latin America, the Middle East.

replaced Libya on this list, but the Middle East was still the region with by far the greatest imports.

The number of arms exporting countries has also grown. It went from 32 in 1963 to 48 in 1984, declining to 43 in 1987. The rise in arms exports by less-developed countries (LDCs) has been more striking.[3] In 1963, eight LDCs exported $62 million worth of arms, comprising less than 0.4 percent of the world's total. By 1986, fourteen developing countries delivered over $1.6 billion, or 4 percent of the total. (See Table 1.) The People's Republic of China (hereafter China, or the PRC) was the key actor here; while the exports of other LDCs expanded by a factor of thirteen, China's increased by a factor of sixty. In 1963, China delivered about $17 million worth of defense equipment to other countries; in 1986, that figure reached over one billion dollars — or two-thirds of all LDC exports.

Trade between LDCs expanded as well, altering the traditional flow of

[3]The terms "less developed," "less industrialized," "South," "Third World," and "developing countries" are used here synonymously to refer to all countries in Africa, Latin America, Asia (except Japan), and the Middle East.

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TABLE 1
(continued)

Exporting States	1983 Dollar Value (millions)	1983 Market Share (percent)	1986 Dollar Value (millions)	1986 Market Share (percent)	1963-1986 Change in Market Share (percent)
NATO Europe	10,500	18	5,420	13	2
Other Europe	1,820	3	740	2	1
United States	18,380	32	11,540	29	-27
Other Western	580	1	140	z	-1
Soviet Union	19,150	34	17,640	44	+18
Other Warsaw Pact	3,050	5	3,110	8	5
Developing States	3,430	6	1,630	4	4
World Total	56,930		40,220		

CHANGE IN WORLD ARMS EXPORTS (1963-1986)

1963/1973		1973/1983		1983/1986		1963/1986	
Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
18,520	116	22,410	65	-16,710	-29	24,220	151

SOURCE: For all countries except the United States: U.S. Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1963-73* (Washington, D.C.: Government Printing Office, 1974); and ACDA, *World Military Expenditures and Arms Transfers, 1986*. The dollar value of U.S. exports was derived from the U.S.Defense Security Assistance Agency (DSAA), *Fiscal Year Series* (as of September 1987). Dollar values include military-related construction and services.

arms from the industrialized North to the less-industrialized South. In 1963, South-South trade was a mere $4 million or 0.3 percent of exports to the Third World; by 1986 it had risen to about $2.0 billion — or almost 8 percent.

Just as the number of buyers and sellers has grown, so too has the number of Third World weapons producers. Their number rose from six states in the early 1950s to twenty-seven in 1986. The number of major weapon systems they manufactured more than trebled during the same period. By the mid-1980s, eight countries (Argentina, Brazil, China, Egypt, India, Israel, South Africa, Taiwan) had achieved across-the-board production capabilities, that is, the ability to produce all four types of major weapon systems — aircraft, ships, armor, and missiles. (See Table 2.)

This worldwide growth in arms manufacture was facilitated, in part, by offset agreements — forms of industrial and commercial compensation designed to reduce the foreign exchange needed to buy a military item, or to create revenue to help pay for it. In a direct offset, the compensation is related to the item purchased. For example, the seller might offer coproduction, licensed production, joint ventures, or technology agreements to lower the

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TABLE 2
LDC PRODUCTION OF MAJOR WEAPON TYPES (1950-1986)
(across the board producers in capital letters)

	AI	AV	MI	SH		AI	AV	MI	SH
ARGENTINA	x	x	x	x	North Korea		x		x
Bangladesh				x	South Korea	x	x		x
BRAZIL	x	x	x	x	Madagascar				x
Burma				x	Malaysia				x
Chile	x	x		x	Mexico		x		x
CHINA	x	x	x	x	Pakistan	x		x	
Colombia	x			x	Peru				x
Dominican					Philippines	x			x
Republic				x	Senegal				x
EGYPT	x	x	x	x	Singapore	x			x
Gabon				x	SOUTH AFRICA	x	x	x	x
INDIA	x	x	x	x	Sri Lanka				x
Indonesia	x			x	TAIWAN	x	x	x	x
Iran			x		Thailand	x			x
ISRAEL	x	x	x	x	TOTAL (of 28)	16	12	10	26

NOTE: AI = aircraft; AV = armored vehicles; MI = missiles; SH = ships.

foreign currency cost to the buyer. In an indirect offset, the seller offers to invest in non-military sectors, to market unrelated goods and services, or to engage in barter arrangements. Sometimes the two forms are combined.[4] Thus, the Turkish government's 1988 purchase of $1.07 billion worth of armored fighting vehicles from the Ford Motor Company provided for $405 million in direct offsets and $300 million in indirect offsets. These arrangements generally are made between developed countries or between them and the LDCs; but some Third World producers are now transferring manufacturing know-how to other countries as well. The result is that direct offsets, when they involve transfers of technology, help ever more countries enter the defense production business.

In light of these developments, it is not surprising that both the United States and the Soviet Union lost a part of their shares in the arms market. The United States, as the largest supplier, had the most to lose. As more states manufactured their own weapons, or sold old equipment to other states, the dollar value of U.S. transfers dropped. From 1963 through 1968, U.S. transfers accounted for over 50 percent of the world's military exports; from 1981 to 1986, for less than 30 percent. The Soviet Union, with only a 29 percent

[4]For examples and further discussion, see Stephanie G. Neuman, "Coproduction, Barter, and Countertrade: Offsets in the International Arms Market," ORBIS, Spring 1985, pp. 183-213.

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TABLE 3
SIZE AND DIVISION OF THE ARMS EXPORT MARKET (1963 - 1986)
(by six-year cumulative periods)

Exporting States	1963-1968 Dollar Value (millions)	1963-1968 Market Share (percent)	1969-1974 Dollar Value (millions)	1969-1974 Market Share (percent)	1963-1968/ 1969-1974 Change in Market Share (percent)
NATO Europe	9,100	9	16,510	11	2
Other Europe	920	1	1,170	1	z
United States	49,210	51	75,270	52	1
Other Western	1,630	2	2,880	2	z
Soviet Union	28,140	29	38,310	26	-3
Other Warsaw Pact	5,290	5	6,050	4	-1
Developing States	2,000	2	4,930	3	1
Total	96,290		145,110		

Exporting States	1975-1980 Dollar Value (millions)	1975-1980 Market Share (percent)	1981-1986 Dollar Value (millions)	1981-1986 Market Share (percent)	1963-1968/ 1981-1986 Change in Market Share (percent)
NATO Europe	41,650	17	55,820	18	9
Other Europe	8,480	3	9,990	3	2
United States	79,870	33	86,210	28	-23
Other Western	2,080	1	2,560	1	-1
Soviet Union	91,400	37	109,740	36	7
Other Warsaw Pact	14,170	6	20,360	7	1
Developing States	7,420	3	20,250	7	5
Total	245,060		304,920		

CHANGE IN TOTAL ARMS EXPORTS (1963-1986)

1963-1968/ 1969-1974		1969-1974/ 1975-1980		1975-1980/ 1981-1986		1963-1968/ 1981-1986	
Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
48,820	51	99,960	69	59,860	24	208,640	217

SOURCE: Same as Table 1.

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TABLE 4
WEAPONS DELIVERED TO LDCs (1963 - 1987)

Weapon Type	1978-1982	1983-1987
Tanks	12,335	8,325
Anti-Air Artillery	6,890	3,309
Major Surface Combatants	125	103
Combat Aircraft (Supersonic)	3,505	2,058
Surface-to-Air-Missiles	17,830	27,029

NOTE: *Air defense artillery* includes weapons over 23mm. *Major surface combatants* includes aircraft carriers, cruisers, destroyers, destroyer escorts, and frigates.
SOURCE: ACDA, *World Military Expenditures and Arms Transfers, 1972-1982*; and ACDA, *World Military Expenditures and Arms Transfers, 1988*.

share of the world market during the 1960s, saw its exports peak at 46 percent in 1979, but then decline to about 36 percent for 1981-86. (See Table 3.)

Some observers have greeted these trends with alarm, believing that the proliferation of suppliers and buyers makes the world less safe.[5] Many of them posit that these trends foster greater, more violent conflicts while reducing the great powers' ability to control them. In general, these developments are held to be particularly threatening to America's economic, political, and military interests.

Such concerns were expressed most frequently during the late 1970s,[6] when it appeared that world military expenditures would continue to rise indefinitely and the size of the arms trade increase exponentially. In response, Jimmy Carter campaigned for, and as president introduced (in 1977), an arms restraint program. His Presidential Directive 13 included a list of specific restrictions on U.S. transfers, excepting those countries with which the United States had major defense treaties or special understandings, such as Israel. Both this unilateral attempt to control the growth of arms transfers and the subsequent multilateral Conventional Arms Transfer talks held in 1977-79 failed, and U.S. and world military sales continued to rise.

A Contracted Market

To everyone's surprise the growth of the weapons trade ended in the mid-1980s — a by-product, not of arms restraint programs, but of worldwide

[5]Andrew J. Pierre, *The Global Politics of Arms Sales* (Princeton, N.J.: Princeton University Press, 1982), pp. 4-6; Michael Brzoska, "Current Trends in Arms Transfers." (Ppaper presented at the International Colloquium on Defense, Resources, and Development, London, March 20-21, 1986); and Michael Klare, "The State of the Arms Trade," *Journal of International Affairs*, Summer 1986, pp. 19-21.

[6]*The Washington Post*, June 16, 1985; Gregory R. Copley, "Third World Arms Production: Less Power to the Superpowers," *Defense and Foreign Affairs Digest*, September 1978, p. 28; and Gregory R. Copley, Michael Moodie, David Harvey, "Third World Arms Production, An End to Embargoes," *Defense and Foreign Affairs Digest*, August 1978, p. 10.

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economic and political developments. Between 1963 and 1973, arms transfers grew at an average rate of 9 percent a year; between 1973 and 1983, this figure dropped to 6 percent. During the mid-1980s (1984-86), arms deliveries stopped growing and then reversed, contracting by an average of 11 percent per year. In 1987, this trend again reversed. Arms exports grew about 6 percent over the previous year, but remained well below the peak dollar values set between 1981-85. World military expenditures followed a similar, if less dramatic, pattern. They increased steadily, from an average 2.6 percent growth rate between 1963 and 1973 to 3.3 percent between 1973 and 1983; by 1983-87, they had dropped to 1 percent. The number of major weapon systems transferred, particularly to the Third World, dipped as well. Between 1978-1982 and 1983-87, some categories of arms exports to the LDCs (such as tanks) declined by as much as 33 percent. Anti-air artillery declined by 52 percent. (See Table 4.)

To everyone's surprise the growth of the weapons trade ended in the mid-1980s — a by-product, not of arms restraint programs, but of worldwide economic and political developments.

Five economic and political developments are associated with this unanticipated slowdown: dwindling funds, rising costs and technological improvements, reduced assistance, the lessons of war, and fewer conflicts.

Dwindling Funds. Ironically, the same factor principally responsible for inflating the 1970s arms market caused the market to deflate in the 1980s — the ups and downs in the oil market. The rise in oil prices after 1970 made possible the massive influx of arms into the Middle East. The governments of Iran, Iraq, Saudi Arabia, and the other oil-rich states multiplied their own military purchases and sometimes subsidized the procurements of other Muslim countries in the Middle East (principally Egypt, Jordan, and Syria). Between 1973 and 1982, Middle Eastern defense-related purchases amounted to over one-third of the world total. In the peak years of 1983 and 1984, the region's purchases rose to 43 percent of that total, largely due to the Iran-Iraq War.

Nevertheless, even the oil rich states — the big spenders of the 1970s — began feeling the pinch of falling oil prices in the mid-1980s, and were forced to slow down their own arms purchases commensurately. Consequently, even before the August 1988 cease-fire in the Persian Gulf, arms sales to the Middle East began to level off, declining from a high of $22 billion in 1984 to $15 billion in 1985 and $13 billion in 1986. By 1986, the region's arms imports had fallen back to less than one-third of the world total.

The oil boom and its aftermath had consequences for other Third World

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countries, too. Higher oil prices during the 1970s drained their foreign-exchange reserves, and the petrodollars lent them with abandon had to be repaid. From about 1980 on, this created a debt crisis in much of the Third World, especially in Latin America and Africa. The growing indebtedness of these states, combined with high interest rates and the reluctance of lending institutions to extend more credit to them, sharply curtailed their buying power. By the mid-1980s, the International Monetary Fund (IMF) required many of these Third World states to apply stringent budget cuts in order to qualify for debt rescheduling and new loans. The result was a further reduction in defense allocations throughout much of the non-oil-rich Third World, inevitably depressing the arms procurements of those states.

Even governments that previously had given military expenditures a high priority now cut back. In 1980, for example, Israel was spending almost 30 percent of its gross national product on its military. But later in the decade, the government faced interest payments amounting to over $700 million a year, a foreign debt estimated to be 65 percent of Israel's GNP,[7] and a GNP growth rate that dropped from 6.3 percent in 1980 to 2.6 percent in 1986 and 1987. Under the circumstances, the Israeli defense budget had to shrink. Between 1984 and 1987, Israel's military spending declined an average of 11 percent each year, in contrast to an average 1 percent annual increase between 1981 and 1984.

Brazil also reduced its defense allocations. Estimated Brazilian military expenditures show a drop of 44 percent between 1986 and 1987. In 1988, the Brazilian defense budget of $2 billion was trimmed by 20 percent, further crimping an already restricted procurement program. Likewise, the PRC's military expenditures steadily decreased from 1983 through 1987, showing an average decline of about 1 percent each year. Its defense budget in 1988, when controlled for inflation, was 7.5 percent lower than in 1987. In general, with the exception of South Asia, where defense expenditures rose, between 1985-87 defense expenditures dropped in Africa, Latin America, and the Middle East, and remained flat in East Asia.

Rising Costs and Technological Improvements. The price of Western military technology has escalated rapidly, further reducing the number of weapons that states can afford to buy. For example, in the early 1960s, an American Phantom combat aircraft reportedly cost about $10 million. By the 1970s, $15 million was needed to replace it with an F-15; and by the mid-1990s, it is estimated, $40 million will be the price of the Advanced Tactical Fighter. Similarly, France's Rafale, which will not be ready for service until the mid- to late 1990s, is projected to cost 44 percent more than its predecessor, the Mirage 2000. In addition, warplanes last longer than before and therefore need to be replaced less frequently. Across the board, other modern major weapon systems have experienced similar price increases and tech-

[7] *The New York Times*, January 8, 1988.

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nological improvements. As a result, the number of major weapon systems sold, particularly to the Third World, dropped significantly. Only surface-to-air missiles showed an increase. (See Table 4.)

Reduced Assistance. Poorer states have depended upon foreign financial help to buy weapons and services. The decline in the oil-rich states' funds has meant they are less able to help others with military procurement. Arab aid to Jordan, for example, fell from $1 billion in 1979 to $357 million in 1987. The Arab League summit, in November 1978, agreed to dispense $1.2 billion annually to Jordan as a front-line state. But when oil prices began falling in the early 1980s, so did Arab aid. By 1987, Saudi Arabia alone was fulfilling its commitment to Jordan.[8] The Saudis no longer give aid to Pakistan, and reduced oil revenue may have caused Libya to cut back its support, estimated at some $400 million annually, for Brazilian missiles.[9]

In the current economic climate, only the superpowers have the resources and inclination to provide large-scale, long-term concessional military aid. For political reasons of their own, other wealthy countries, such as Japan and West Germany, prefer to provide economic assistance.

As economic conditions have deteriorated and sources of financial assistance have diminished, the ability to provide military assistance has become the prime consideration in choice of supplier for most economically strapped states. West Germany, for example, has had difficulty finding customers for its tank and armored fighting vehicle upgrade/conversion kits. The problem, one West German official explained, is not mechanical or technical. "Customers are usually dependent on some kind of out-of-country financial aid to buy equipment of this kind. This they don't get from Germany."[10]

Yet even the military assistance programs of the superpowers have been negatively affected by recent trends, and neither the United States nor the Soviet Union is likely to offer major financial help to others except when important foreign-policy considerations are involved. In the case of the United States, congressional reluctance to expand military assistance has been the principal constraint. Although Congress in recent years increased the grant-aid component of the U.S. military assistance program, aggregate funding levels have fallen 26 percent since 1984. As a result, Washington has made only exceptional additions to its concessionary military programs.

The Soviet Union, with its many and severe economic problems, also has been less forthcoming with grant-aid in recent years. A 1986 Communist party program reformulating Soviet policy toward the Third World contained an explicit disavowal of continuing Soviet support. The USSR would offer assistance "only to the extent of its ability."[11] In line with this approach, the

[8]*The New York Times*, November 7, 1988; and *Defense and Foreign Affairs*, November 21-27, 1988.
[9]*Jane's Defence Weekly*, February 20, 1988, p. 292.
[10]*Defense News*, January 25, 1988, p. 19.
[11]Elizabeth Kridl Valkenir, "For Soviets, A Revolutionary Change in Attitudes about Revolutionary Allies," *The Baltimore Sun*, January 1, 1989.

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Soviets have begun reassessing their military-aid commitments. They have asked the Syrian government (to which they sent about $10 billion worth of military equipment between 1982 and 1986) to repay its $15 billion debt to the Warsaw Pact, and they are now demanding prompt payment in hard currency for new weapons transfers.[12] The Peruvians, unable to repay their debt of about $1 billion in hard currency (mainly for military equipment supplied in the 1970s) are now obliged to provide the Soviet Union with naval vessels. The Vietnamese export crude oil to help repay the $1-2 billion they reportedly receive annually from Moscow.[13] Although the Soviets continue to assist impoverished clients such as Nicaragua, Vietnam, and Cuba, the level of their arms shipments appears to be dropping.[14]

While the Soviet Union and the United States remain the major sources of military assistance, the number of countries receiving that aid will, in all likelihood, remain limited. Many producers have arms to sell, but most potential customers cannot pay for them. As long as current economic and political conditions persist, the procurement of military technology will continue to be restrained.

Lessons of War. The recent experiences of combatants fighting conventional wars and insurgencies indicate that more modern weapons do not necessarily translate into enhanced fighting capabilities or short-term military power. Instead, countries such as Iran and Syria have found themselves overburdened with requirements for infrastructure and technical skills.

Even Argentina found its logistical infrastructure inadequate to the task of modern war in the Falklands. Fewer than one-half the Argentine bombs that hit British ships, for example, actually exploded. The most likely reason was that the Argentines were trying to sink ships with bombs rigged to destroy land targets. Furthermore, without an air-refueling capability, Argentina's aircraft were operating at the extreme end of their combat radii at a distance of 400 miles. Pilots would often have only one opportunity to pass over their target and drop bombs before being forced to turn back. Other logistical problems, such as inadequate spare parts and inexperienced mechanics, particularly for the newer French- and Israeli-built aircraft, also plagued the Argentine air force.[15]

Military leaders in countries throughout the Third World, such as Saudi Arabia, Argentina, and the PRC, have concluded that military forces are effective only if they have sufficient support. Investing in infrastructure, training, logistics, command and control, communications, and intelligence systems takes precedence over the acquisition of new armaments. This means upgrading human skills along with weapons already in inventory, and hoping

[12]*The New York Times*, August 28, 1988.

[13]*Pacific Defence Reporter*, August 1987, p. 7.

[14]*The Boston Globe*, August 8, 1988.

[15]William J. Ruhe, "Smart Weapons," in Bruce W. Watson and Peter M. Dunn, eds., *Military Lessons of the Falkland Islands War: Views from the United States* (Boulder, Colo.: Westview Press, 1984), p. 88; Earl H. Tilford, Jr., "Air Power Lessons," ibid., p. 39; and *The Washington Post*, July 31, 1982.

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that skill and quality compensate for declining quantity. Given the rising costs of military technologies, this is probably the direction all LDCs, as well as developed states, will follow. As a result, not only will the number of major weapons purchased continue to decline, but the type of military transfers will change as well.

Fewer Conflicts. Peace initiatives in 1989 also have supported the trend toward a diminished arms trade. As war ebbs so will the flow of arms to such countries as Afghanistan, Angola, Vietnam, and Nicaragua. But the end of fighting in the Persian Gulf will have the greatest impact. Their oil revenues made Iran and Iraq the world's largest market for arms. During 1982-86, they jointly absorbed 17 percent of worldwide arms deliveries, 18 percent of the Soviet Union's total military exports, 23 percent of France's, and 70 percent of the PRC's. For some smaller suppliers the proportion was still higher. (See Table 5.) During 1980-83 alone, some forty countries supplied Iran or Iraq with weapons or other services.[16] If peace prevails, the sharp reduction in demand will mean hard times for suppliers around the world. French sales, for example, were adversely affected by the slack in Iraqi orders, beginning in 1987, and this was reported as an important factor in the first layoffs in history at Avions Marcel Dassault.[17] Both Iraq and Iran are expected to buy fewer major systems and to concentrate their spending on upgrading and updating their arsenals with sophisticated components and support systems, such as air- and sea-launched missiles, and command and control radar.

A combination of factors, then, has deflated a formerly fast-expanding arms market. The increasing number of producers notwithstanding, demand for major weapons has stopped growing, especially in the Third World. Major activity in the arms market, other than services, upgrades, improved electronics, and the transfer of older equipment is not expected between now and the year 2000.

Continuity in the Arms Trade: U.S. Dominance

The contraction of the arms market has had little effect on America's dominant position within it. On the contrary, contraction has exposed the relative weaknesses of other supplier states — often concealed in a rapidly expanding buyer's market — and highlighted the size and strength of the U.S. economy with its potential for increased influence in the world's arms trade.

The United States. In spite of its reduced market share, the United States retains its competitive advantage over other suppliers. In part, this is because the market seeks what the United States has to sell — manufacturing know-

[16]*World Armaments and Disarmament: SIPRI Yearbook, 1984* (London: Taylor and Francis, 1984), p. 198; *The New York Times*, April 11, 1987.

[17]*Defense Electronics*, October 1988, p. 119.

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TABLE 5
ARMS EXPORTS TO IRAN AND IRAQ (1982-1986)
(export values in millions of current dollars)

Exporting States	Total Exports	Iran-Iraq Exports	Iran-Iraq Exports (percent of total)
Soviet Union	87,100	15,540	18
United States	69,560	10	z
France	20,500	4,540	22
United Kingdom	6,930	150	2
West Germany	6,690	630	9
China (P.R.C)	6,480	4,500	70
Poland	5,130	550	11
Czechoslovakia	4,780	440	9
Others	34,530	13,800	40
World Total	241,680	40,150	17

NOTES: Dollar values are rounded off to the nearest 10 million dollars. The value of U.S. deliveries are for Iraq only; U.S. covert deliveries to Iran in 1985-86 are not included.

SOURCE: ACDA, *World Military Expenditures and Arms Transfers, 1963-73*; and ACDA, *World Military Expenditures and Arms Transfers, 1986*. The dollar value of total U.S. exports was derived from the DSAA, *Fiscal Year Series* (as of September 1987). The suppliers included here are not necessarily the only major suppliers to Iran and Iraq. Rather they are the only suppliers for which ACDA provides export figures to specific recipients.

how, sophisticated components, and advanced technologies. The fastest growth rates in the U.S. aerospace industry are already enjoyed not in the airframe and engine sectors but among the avionics and space/satellite equipment suppliers. This U.S. advantage is supported by the largest military research and development (R&D) budget in the world, about $38 billion:[18] three-quarters of total U.S. R&D funds. Such a large R&D budget enables the United States to dominate the production and sale of advanced technologies, such as gallium arsenide components, carbon fibers, ceramics, very high speed integrated circuitry, stealth technology, and terminal missile defense.

In today's fast-changing technological environment, the gap between the United States and its competitors is widening. New systems such as sensor and communications technologies, advanced data-processing capabilities mated with new delivery systems, low-observable aircraft and missiles, and

[18]*Report of the Secretary of Defense Frank C. Carlucci to the Congress on the FY 1990/FY 1991 Biennial Budget and FY 1990-94 Defense Programs*, January 17, 1989 (Washington, D.C.: U.S. Government Printing Office, 1989), p. 219.

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long-range surveillance systems are placing ever more exacting demands on the R&D and production capabilities of producers. During the next twenty years as other technologies enter development (such as directed energy weapons, autonomous smart weapons, new families of explosives, earth-penetrating sensors and weapons, new biological agents, "brilliant" information processing, and advanced robotics),[19] they will further strain the manufacturing capabilities of the world's arms producers and the absorptive capabilities of the world's militaries. These state-of-the-art systems as well as other high-technology manufacturing systems (such as advanced tooling equipment, computer driven industrial mills, and superconducting components) are expected to be in demand in the future arms trade.

The weight of the United States in the international arms trade also derives from its physical and economic size, especially the size of its defense sector. With an annual procurement budget of about $80 billion in 1987-89, the U.S. government is the largest military market in the world. The Pentagon says that, in the area of new weapons, it outspent its nearest rival, the USSR's military establishment, by about 32 percent in 1987.[20] As a result, the United States is an attractive market for other arms producers. As one U.S. official observed: "The jewel in the crown for the 1990s is the United States market."[21]

Furthermore, the size of its commercial market augments the competitive advantage and influence of the United States. For example, the Swiss military's decision to buy American F/A-18s, rather than replace its French Mirage 3s with Mirage 2000s, reportedly was due not just to technical and operational considerations but also to Swiss expectations of offset offers that included additional large sales of Swiss industrial and electronic equipment to the American market and, some say, extended landing rights in the United States for Swissair.[22] Similarly, Japan's Honda Motor Company Ltd. yielded to U.S. pressure to stop selling military-related items to Vietnam, Cambodia, and Laos because it feared continuing to do so would threaten its position as a major automobile manufacturer in the United States.[23]

What is more, unlike other arms producers, the United States does not depend upon exports to support its defense industries. Only 5 to 15 percent of U.S. defense production is exported,[24] which insulates U.S. military industries from the consequences of a contracted world market felt by other

[19]*The Future Security Environment*, report of the Future Security Environment Working Group, submitted to the Commission on Integrated Long Term Strategy, October 1988, p. 26.

[20]*Soviet Military Power: An Assessment of Threat, 1988*, (Washington, D.C.: U.S. Government Printing Office, 1988), p. 140.

[21]"Dollar's Abrupt Fall May Transform International Defense Trade Trends," *Defense News*, October 20, 1988, p. 1.

[22]*The Sunday Times*, March 27, 1988.

[23]*The Washington Times*, September 30, 1987.

[24]*Defense and Economy World Report*, March 2, 1987, p. 5814.

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more dependent export producers.

All of these factors sustain U.S. influence in the arms trade. Faced with the challenge of keeping pace with rapid technological change, declining demand, and the need to achieve economies of scale in order to maintain their own defense industries, arms-producing countries with relatively small domestic markets now look to the United States as a source of technological innovation and as a customer for their military and civilian wares.

The Soviet Union. Against such a competitor, defense producers in other countries are at a disadvantage. Even the Soviet Union does not contemplate rivaling U.S. R&D efforts before the twenty-first century,[25] and its many efforts to acquire U.S. technology attest to its technological deficiencies. According to Lieutenant General James A. Abrahamson, Jr., then director of the Pentagon's Strategic Defense Initiative Organization, the Soviet Union is behind in computers, software and in the "overall balance of technology."[26]

Current Soviet economic difficulties, as well as Third World criticism of the performance of Soviet weapons in recent wars, raise questions about the USSR's ability to maintain its standing in the international arms trade. Bad weather, combined with disruptions in the Soviet industrial sector in 1987, led to a slowdown in industrial growth and a decline in agricultural output. As a result, Soviet GNP grew less than 1 percent in 1987, the lowest rate since the 1970s.[27] In addition, the Soviet state budget deficit increased from 11 billion rubles in 1984 (1.4 percent of Soviet GNP) to 64 billion rubles in 1987 (7.4 percent of GNP). Relative to GNP, the Soviet deficit is roughly twice the size of the peak U.S. deficit in 1986.[28] In 1988, a U.S. military official reported that the Soviets "clearly do not believe they have enough money for space research."[29] And in 1989, Gorbachev announced that Moscow intended to reduce its defense expenditures by one-seventh and its arms production by one-fifth.[30]

Even the quality and reliability of current Soviet weapons have been questioned in recent years. In the Gulf War, for example, Soviet artillery shells landed harmlessly in the mud, and troop transport engines overheated in the desert. More damaging still has been the Soviet inability to provide a surveillance plane with capabilities comparable to the U.S. AWACS.

[25]*Soviet Military Power: An Assessment of the Threat, 1987* (Washington, D.C.: U.S. Government Printing Office, 1987), p. 118.

[26]*The New York Times*, May 15, 1985.

[27]*Gorbachev's Economic Program: Problems Emerge*. (Paper preparedby the Central Intelligence Agency and the Defense Intelligence Agency for the Subcommittee on Economic Resources, Competitiveness, and Security Economics of the Joint Economic Committee, Congress of the United States [DDB-1900-187-88], June 1987), pp. 2-3, 23.

[28]*USSR: Sharply Higher Deficits Threaten Perestroyka. (A research paper prepared by the Directorate of Intelligence, Central Intelligence Agency [SOV 88-10043U], September 1988), p. 1.*

[29]*Defense News*, July 25, 1988, p. 13.

[30]*International Defense Review*, February 1989, p. 137.

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Increasingly, major clients such as India shop for their expensive high-technology systems in the West, and for their most advanced items in the United States. Even Eastern Europeans now look to the United States for computer innovation,[31] and many developing countries, perceiving Soviet-built equipment as inferior, are increasingly unwilling to buy it.

A comparison of arms imports between two periods, 1977-1981 and 1982-86, shows that Iraq, Peru, and the Warsaw Pact states are importing an increasing share of their arms from non-Soviet suppliers. Even Syria is reportedly opening more to the West, which it sees as a potential source of economic assistance and advanced technology.

Although the dollar value of Soviet military exports remained high in 1986 and 1987, over 40 percent of these transfers were outright grants to impoverished clients. In addition, many were paid for with low-interest loans, soft currency or commodities — earning little in hard currency for the hard-pressed Soviet economy.[32] Iraq, Afghanistan, Nicaragua, Vietnam, and Angola are belligerents in conflicts that are now winding down or in remission and will, in all likelihood, require less Soviet equipment in the future. Soviet market share — both in volume and money earned — is likely to remain flat or decline in the 1990s and beyond. This trend may already have begun, as Soviet weapon sales to the Third World in 1988 fell by 66 percent from 1987.[33] Unless the USSR is able to resolve its internal problems and maintain a sophisticated R&D and industrial infrastructure over the long-term, its dominance in the world's arms production and transfer system is likely to diminish.

Western Europe. It is estimated that the United States spends three to four times more than all of Western Europe on conventional weapons R&D. In spite of their considerable production capabilities, therefore, individual European countries must rely on the United States for many of their most advanced weapons and components. Their unfavorable military sector trade balance with the United States reflects this dependence. The five-year (1982-86) cumulative figures for NATO trade show an average 2.9-to-1 procurement imbalance favoring the United States.[34]

Europe's ability to remain competitive will depend, in large part, upon the degree of real economic and military cohesion it develops in 1992. The Treaty of Rome, which governs the European Community (EC), specifically excludes defense affairs from the community's jurisdiction, and past efforts at military cooperation have not been encouraging. In its drive to create a single European market by 1992, the EC has yet to embrace major defense

[31]Seymour E. Goodman, "Technology Transfer and the Development of the Soviet Computer Industry," unpublished paper in author's possession.

[32]Report of the Secretary of Defense, Frank C. Carlucci, to Congress, January 17, 1989, p. 66.

[33]*The New York Times*, August 1, 1989.

[34]David Silverberg, "Domestic Sources Reap Bulk of U.S. Prime Contracts," *Defense News*, October 5, 1987, p. 15.

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items, although it plans eventually to subject non-EC military systems to import duties.[35] Many observers doubt this will occur. Thus, it remains uncertain whether the Europeans will soon be able to achieve real economies of scale through the integration of their defense sectors.

Other Producers. Japan constitutes another unknown factor in the future arms trade. It is clear that Japan has the industrial capability to produce and export a variety of advanced weapons systems. To date, however, political considerations — deriving from a legislated arms-export ban, public anti-war sentiments, and the sensitivity of their neighbors to signs of increasing Japanese military capabilities — have limited Japanese defense production and exports, and few analysts foresee a wholesale dismantling of the country's restrictions on rearming and on weapons sales abroad. Consequently, Japan remains dependent on American defense equipment, sustaining a four-to-one military trade imbalance with the United States.

Already, the rising expense of military R&D and production has caused many smaller defense producers to retrench by curtailing their more sophisticated manufacturing programs. The Israeli decision not to produce the Lavi, an advanced fighter-bomber, is only one example. For others, financial constraints will serve as an effective barrier to market entry. In the current environment, the less-industrialized countries and smaller producers will have to depend upon others for technological innovation in the military sector. In 1987, Egypt, Switzerland, Australia, Pakistan, South Korea, and Israel all sustained significant military trade imbalances with the United States.

Changing Realities: A More Complex Arms Trade System

These trends notwithstanding, the picture for the United States is ambiguous. Although economic factors point to a position of dominance, foreign-policy considerations may intervene to diminish the American share of the arms market and obscure its central role in the arms trade.

To date, the U.S. market has been supplied essentially by domestic manufacturers, with over 94 percent of the Pentagon's prime contracts awarded to U.S. firms.[36] But the U.S. government is under increasing pressure to buy more military items from its friends and allies, and to adopt a more liberal trade policy. In response to these demands, Washington has agreed to enter more international cooperative defense ventures, buy more foreign military products, relax controls over the transfer of some "sensitive" technologies, and permit the sale to third parties of more U.S. systems — often embedded in foreign-produced weapons. It is worthy of note that Israel and Egypt signed memoranda of understanding in late 1987 and early 1988 allowing them to bid on a wide range of Pentagon contracts.

The Omnibus Trade and Competitiveness Act of 1988 was a further step

[35]*Defense News*, September 12, 1988, p. 1.
[36]*Defense News*, October 2, 1988, p. 1; *Business Week*, July 18, 1988, p. 134F.

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toward military trade liberalization. Under this law, licensing requirements are eliminated for re-exports to other members of the Coordinating Committee for Multilateral Export Controls (CoCom), or to countries that have similar agreements with the United States. Only very sensitive technologies related to supercomputers, nuclear weapons, or communication interception remain subject to U.S. export controls. The law also removes re-export restrictions if the value of U.S.-made parts and components is 25 percent or less of the end item.[37]

Foreign-policy considerations may intervene to diminish the American share of the arms market.

The U.S. Department of Defense has followed Congress's liberalizing lead. It announced that by the year 2000 it will spend 25 percent of its R&D budget on international cooperation efforts, in contrast to the 1988 level of 3 percent. These measures have encouraged U.S. friends to expect more generous transfers of technology and to look to the U.S. market for future sales. More firms are now bidding to sell equipment directly to the U.S. military, and are also joining in a variety of cooperative and investment ventures with U.S. firms in order to gain access to the U.S. market and its technology.

Pressures are also building for the United States to share its foreign customers with American friends and allies who need military sales to support their own industries. As weapon systems grow more sophisticated and expensive, and defense budgets contract, small- and medium-sized producer countries depend more upon foreign sales in order to maintain their own defense industries. Thus, Israel Aircraft Industries depends on exports of 70 percent of its production to achieve economies of scale.[38] Meanwhile, most developing countries cannot afford U.S.-built first-line weapons systems. Together these facts suggest Washington will forgo some of its market as a tacit offset to help friends and allies earn needed foreign exchange, achieve economies of scale, and enable them to procure sophisticated U.S. technologies necessary to maintain their own defense industries and military readiness.

This type of offset is not without precedent. In the 1960s, for example, the British sold Lightning aircraft, missiles, a radar system, and training services to Saudi Arabia, in spite of the Saudis' declared preference for U.S. equipment. This was done with the direct encouragement of the Kennedy

[37] *Defense News*, September 5, 1988, p. 10.
[38] *The Jerusalem Post*, December 3, 1988.

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administration, "which understood that Britain would use the money from the sale to purchase U.S.-manufactured fighter aircraft."[39] The 1985 and 1988 sale of Tornado aircraft to Saudi Arabia by the United Kingdom also may have been a tacit U.S. offset. Because U.S.-manufactured components make up about 30 percent of the Tornado, the sale required and received prior U.S. approval.[40]

This type of indirect aid has served other U.S. interests in the past. American friends supplied second-hand Soviet arms to U.S.-backed groups that were fighting forces similarly equipped — the *mujahidin* in Afghanistan, the Contras in Central America, UNITA in Angola, and the Mozambican National Resistance in Mozambique.[41] These transfers often were reimbursed directly or indirectly by the U.S. government. When politically expedient, Washington has even permitted U.S. security assistance to be used to pay for military equipment sold by its friends to third parties. After the Iranian Revolution, for instance, Cairo purchased from Italy helicopters ordered by the shah, and it paid for them, in part, with U.S. security assistance funds. Special arrangements also allowed Israel to use foreign-military-sales funds to pay a West German shipyard for two submarines.[42]

Given the current economic climate, indirect aid of this sort is likely to become a more visible feature of U.S. security assistance in the future. If it does, it could serve to moderate U.S. arms sales to the Third World, expand the export earnings of its allies and friends, and increase the dollar value of Washington's military imports. The latter will occur if the United States does, in fact, buy more foreign military products as an offset to its friends and customers. To do so will represent a significant change in U.S. practice, since U.S. foreign military purchases amounted to only 1 percent of the world's total military imports during the 1980s.

But the extent to which the United States should assist its allies and friends is becoming a contentious political issue. Some American defense manufacturers and government officials claim that Washington is subsidizing foreign development of advanced weapons systems through technology transfers that will compete with U.S. exports, sacrifice American jobs, and make the U.S. arsenal too dependent upon foreign components. The 1989 controversy over Japan's FSX proposal centered on this issue. But whether protectionist "Buy America" sentiments prevail or internationalism triumphs, whether national security considerations win out over commercial concerns, the distribution of shares in the arms market will be decided by U.S. trade and technology transfer policies that are as yet undetermined.

[39]Anthony Sampson, *The Arms Bazaar: From Lebanon to Lockheed* (New York: Viking Press, 1977), p. 164; and Karen DeYoung, "Saudis Set to Buy 6 British Jets," *The Washington Post*, September 15, 1985.

[40]"US Suppliers to Get Hunk of British-Saudi Deal," *Defense and Foreign Affairs Weekly*, November 7-13, 1988, p. 1; and private correspondence with industry analyst, April 26, 1989.

[41]*Manchester Guardian Weekly*, January 24, 1988, p.11.

[42]*Defense News*, July 25, 1988, p.6.

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Future Trends and Uncertainties

The arms trade is in transition, becoming vastly more complex and variegated than in the past. The risk of doing business has increased owing to tight defense budgets, ever-more complex weapons, the costs of R&D, and the declining number of weapon systems being produced. These factors are affecting military industries everywhere, including those in the United States, toward greater international cooperation and offshore manufacturing. For example, some U.S. defense manufacturers are looking to Europe for industrial alliances as 1992 approaches and the prospect of an enlarged, truly common market promises increased sales opportunities.

The "world tank" will soon follow the world car.

Cross-bloc industrial collaboration will also expand as the products and peoples of West and East flow through increasingly porous political boundaries. Bonn and Moscow have discussed possible German-Soviet collaboration in aerospace, and a West German delegation was allowed to visit Soviet aircraft and aero-engine factories previously closed to Westerners.[43] Yugoslavia, reportedly, has sought British help with engine, transmission, suspension, and electro-optical systems for a new tank.[44]

As joint or consortium R&D projects, coproduction, licensing, and foreign investment in defense industries become more commonplace, military technologies will increasingly represent a conglomeration of design and manufacture. Indeed, this type of collaboration is rapidly becoming the norm worldwide. The British have teamed with the Brazilians in a joint venture to produce night-vision equipment. China has led in this sort of enterprise, entering cooperative agreements with Pakistan to develop an advanced trainer; with France, and Australia, for the design, development, and production of a new light helicopter; with companies in the United States and Britain for the design of a new low-cost tank intended for sale to developing countries and possibly for the Chinese army. Although last June's violent suppression of the pro-democracy movement in Tiananmen Square has rendered the status of these projects unclear in China, the worldwide trend continues.

In addition, the line between civilian and military producers will become less defined. Companies worried about profits in a climate of declining defense budgets already are looking to the civilian sector for business opportunities. Political leaders, too, are beginning to understand the in-

[43]*London Financial Times*, July 22, 1988.
[44]*Jane's Defence Weekly*, March 12, 1988, p. 424.

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terdependence of their civil and military industrial sectors, and are attempting to integrate them in support of larger economic goals.[45] In some countries, slack military industrial capacity is being diverted to the production of civilian products or dual-use items. Germany's Krauss-Maffei, which for more than two decades has produced the Leopard battle tanks, is now dealing with falling military orders by widening the company's civilian business in transportation, environmental technology, and machines for making plastic compact discs. Indonesia's leaders are now demanding that up to 30 percent of capacity in defense plants be employed for production of non-military goods. Chile's Cardoen arms group, which was one of the chief weapons suppliers to Iraq during the Gulf conflict, is diversifying to non-military products and engineering services. In the PRC, two-thirds of all military factories now also make consumer goods. To compensate for cuts in the defense budget, the PRC's military hopes the share of China's consumer goods made in the country's military factories will rise by one half by the year 2000, providing more money for the needs of the armed forces. And in the Soviet Union, economic reforms require defense industries to integrate with civilian industries. At least one-third of Soviet shipbuilding, aircraft, and electronic production reportedly now goes to the civilian sector.[46] Premier Nikolai Ryzhkov stated that the share of civilian goods produced by Soviet defense industries will increase from 40 percent in 1989 to 50 percent in 1991 and to some 60 percent by 1995.[47]

Some governments encourage technological transfers to the commercial sector to stimulate growth there. Others, because of the overwhelming expense and technical demands involved in producing modern weapons, are looking to the civilian sector for help with R&D. Even the Pentagon is arguing for broad U.S. industrial policies to benefit civilian high-technology industries, in the hope that the rewards will benefit military R&D as well.

All these factors make it difficult to determine the relative market share of the world's arms exporters. As weapon systems incorporate more foreign intellectual properties, components, and materials — tracing their origins and disaggregating their dollar value will become a futile task. The "world tank" will soon follow the "world car." According to the U.S. General Accounting Office, the Department of Defense has "virtually no idea what percent of subcontractor parts and components come from foreign sources,"[48] nor are there accurate records on the number of U.S. components and parts embedded in foreign systems. Current accounting procedures are simply inadequate for the task. Royalties, fees, and repatriated profits are not reflected in trade statistics, and given the growing complexities involved may not be cal-

[45]On which, see the articles by William J. Long and Mackubin T. Owens in this issue.

[46]*Defense News*, August 1, 1988, p. 3.

[47]Paul Mann, "CIA Sees Long-Term Pressures against Soviet Defense Budget," *Aviation and Space Technology*, May 1, 1989, p. 30.

[48]U.S. General Accounting Office, *Industrial Base, Defense-Critical Industries*, Washington, D.C., September 1988.

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culable. A related problem will be that of tracking and analyzing arms export data that falls into the gray area of intellectual property, dual-use application, and covert third party military sales. Clearly, it will be more difficult to ascertain the actual weight of individual producers and suppliers and, therefore, the real structure of the arms trade system. In the future, arms trade statistics may mask more than they clarify.

Despite these many uncertainties, factors are at work that will limit the number of weapons most countries can buy or make, and that will foster their dependence on the economic and technological strengths of the system's largest, most industrially advanced members. Recent developments suggest that the United States will be in a position of dominance during the 1990s and beyond, as other states struggle to adjust to changes in the arms trade. Whether arms transfer statistics reflect the primary U.S. role in the arms trade or not, directly or indirectly the United States is likely to be the central actor.

The extent to which other states will be able to match American industrial and export strength remains unclear. What appears certain is that those producers with the largest domestic market and economies of scale, the most generous R&D budget, and the best joint venture and export policies, stand the best chance of surviving in tomorrow's international arms market.

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THE BULLY OF WORLD TRADE

by William A. Niskanen

On May 25, 1989, the U.S. trade representative (USTR) cited three practices of the Japanese government as "significant barriers" to U.S. exports, and demanded negotiations to resolve the dispute thus begun. These charges and demands were lodged against Japan even though the practices in question follow international trading rules and even though they mirror the United States's own trading practices. Moreover, if the controversy is not resolved to Washington's satisfaction, the USTR is authorized by American law to impose punitive tariffs on selected Japanese products.

Such, to date, has been the first use of "Super 301," that section of the 1,000-page Omnibus Trade and Competitiveness Act of 1988 requiring the USTR to identify which countries and practices most limit U.S. exports. In a global context, the action is not economically important — rather like an individual in a large city robbing a local convenience store. What makes the action so troublesome is that the perpetrator is the local bishop: the leading long-time proponent of free trade, the U.S. government, has moved openly to become the bully of the world trading system. This it has done by unilaterally redefining "unfair" trade.

Traditionally, "unfair" trade has been defined as any practice that is not consistent with rules to which each affected party has agreed. But the U.S. government now says, in effect, that any practice perceived to harm U.S. interests is unfair, whether or not it is consistent with international trade rules or is similar to practices found in the United States and other countries. By so defining unfair trade, the U.S. government feels free to demand that other governments change their domestic laws, regulations, and business practices to serve American desires. If they fail to do so, Super 301 legislation allows the U.S. government to back up its demand by threatening foreign governments with punitive U.S. tariffs on their countries' products.

Japan has been the special target of this new U.S. trade policy but it is not the only target, and it will probably not be the last. This is the true concern. In the long run, the world trading system may not survive aggressive implementation of the new U.S. approach.

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How did this state of affairs come about? Why is Japan a special target of U.S. trade policy? And what are the most likely next steps in trade relations between the United States and Japan?

U.S. Trade Policy toward Japan

For nearly forty years, beginning in 1947 with the General Agreement on Tariffs and Trade (GATT), the U.S. government led the effort to develop a world trading system based on the rule of law, a common dispute-settlement procedure, and the mutual reduction of trade barriers. The two most important rules of the system were nondiscrimination in tariffs (the "most favored nation" rule, which specifies that the tariffs on imports from one country be no higher than those on imports from any other country) and the elimination of quantitative limits on nonagricultural imports.

For the most part, this was a remarkably successful effort. Major rounds of tariff negotiations in the 1960s and 1970s led to considerable reductions in the average tariffs of the member states. Approval of the Generalized System of Preferences in 1971 substantially broadened the number of countries holding membership in GATT. As a result, through about 1980, international trade increased more rapidly than the gross national product (GNP) of most member countries.

To be sure, implicitly and explicitly, both the original Agreement and the bodies established to oversee its implementation have allowed major exceptions to GATT trade rules — the most important exceptions are those involving agriculture, textiles, and steel. Nevertheless, the transition from a pre-war world of economic nationalism to this post-war trading system based on law contributed to an unprecedented period of prosperity in most member states.

Legally, though, GATT has had an anomalous status, right from the start. In the late 1940s, the U.S. Senate bowed to anti-free-trade sentiment in agriculture and the service industries, and failed to ratify a permanent international trade treaty. This left GATT, which was merely an executive agreement, as the principal vehicle for trade negotiations. Consequently, member countries have felt free to diverge from the agreements reached under GATT, and no country more so than the United States.

Added to this is the U.S. government's long history of making Japan a target of specific restrictions. As early as 1907, popular concern in California about rising immigration from Japan led President Theodore Roosevelt to negotiate an agreement with the Japanese government to limit the number of passports issued to emigrants to the United States. In this way, what might be called a "voluntary emigration restraint" established a precedent for the first major use of "voluntary export restraints" (VERs) as an instrument of U.S. trade policy.

This first major VER took effect in 1937, and again it was Japan that was

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singled out. A rapid increase in the importation of cotton textiles from Japan in the early 1930s brought about negotiations between representatives of the producers in both countries, apparently with the consent of both governments. An agreement was signed that limited Japanese exports of cotton textiles and selected cotton products to the United States, and this agreement was later extended through 1940.

Although such VERs violate both of GATT's main principles, the United States government renewed the use of this instrument, again with Japan as the target, early in the GATT era. A resurgence of cotton textile imports from Japan in the early 1950s provoked another voluntary export restraint at the request of the U.S. government. Effective from 1957 through 1961, this agreement was later broadened to other countries and other textile and apparel products. In 1968 came the first set of VERs on steel, affecting both Japanese and European exports to the United States.

Japan was also the target of other types of U.S. trade measures during the 1970s. For example, in order to reduce inflation in the United States, the Nixon administration embargoed the export of soybeans in 1973, thereby intensifying Japanese concerns about the security of their food supplies. And the Carter administration successfully pressured the government of Japan to establish floor prices on both steel and machine-tool exports to the United States.

Traditionally, "unfair" trade has referred to practices that go against the rules agreed upon by trading partners. The U.S. government's new definition says unfair trade is any practice perceived to harm U.S. interests.

U.S. pressure on Japan increased sharply in the 1980s, despite President Reagan's rhetorical support for free trade and his close personal relationship with Prime Minister Yasuhiro Nakasone. In response to U.S. pressure, and presumably to avoid more severe measures by Congress, the government of Japan implemented VERs on automobiles (1981), on steel (1984), on machine tools (1986), and a floor price on exports of semiconductors (1986).

With time, the focus of U.S. pressure shifted from agreements limiting Japanese exports to agreements opening the Japanese domestic market. While Americans got most of what they sought in these agreements, the consequences were often unexpected. Thus, an agreement to open the Japanese capital market was approved in 1984, but one effect was a continued strengthening of the dollar against the yen — the opposite of what the administration had anticipated. In 1985, the two governments instituted "market-opening, sector-specific" negotiations for four product areas:

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telecommunications, pharmaceuticals, computers and electronics, and forest products. But these efforts did American industry little good. Similarly, the Semiconductor Agreement of 1986 was expected, by American officials, to increase sales of U.S. semiconductors in Japan, but a continuing dispute over the interpretation of this agreement has weakened its effects. Finally, U.S. pressure induced the government of Japan to substitute high (but declining) tariffs for its very restrictive quotas on the importation of beef and citrus, but other countries (such as Australia and Brazil) may be the primary beneficiaries.

There is no reasonable basis for asserting that the government of Japan has used either formal trade barriers or exchange-rate manipulation for protectionist objectives in the 1980s.

Washington also pressured the Japanese government to shift its macroeconomic policy, hoping this would increase Japan's domestic demand and reduce the strength of the dollar against the yen. Such measures were affirmed by the Plaza Accord of 1985 and the Tokyo economic summit in 1986, and they appear to have been strikingly effective from the U.S. perspective. Japanese domestic demand and imports have increased sharply and the dollar/yen exchange rate has declined. Indeed, such macroeconomic measures by both the U.S. and Japanese governments have proven to be far more effective than trade measures in reducing the U.S.-Japanese bilateral trade deficit.

In the context of this history, the Super 301 muscle-flexing of May 1989 was not revolutionary in origin or in scope. The USTR charged that three obscure practices of the Japanese government represent "significant barriers" to U.S. exports. But even a cursory look at these practices must raise doubts about the charge.

First, Japan's governmental entities may not purchase foreign-manufactured *space satellites*, if such a purchase would interfere with Japanese industrial development objectives. Nevertheless, American firms supply a large proportion of the components for Japanese satellites and are members of joint ventures to supply satellites to private purchasers.

Second, the purchase of foreign *supercomputers* by Japan's governmental entities and public universities has been effectively foreclosed to outsiders because Japanese firms offer those institutions deep discounts. Yet U.S. sales to private Japanese purchasers have increased, and the Japanese government recently invited U.S. firms to bid on supplying it with eight supercomputers.

Third, a variety of product standards, building codes, and fire codes reduces the general demand for *wood products*. But there is no reason to

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believe that these codes discriminate against U.S. or other foreign suppliers; they are just as onerous for Japanese firms.

Several observations about these charges are in order. None of the activities condemned contradicts GATT trading rules or the developing GATT government procurement code. Each of these practices matches similar ones in the United States, such as "Buy America" provisions in government procurement, discounting of computers to universities, and complex building and fire codes. And, in the end, reversing all three of these practices would increase U.S. exports to Japan by only about $2 billion a year.

The real question posed by the Super 301 citations is whether the threat of U.S. trade sanctions is an appropriate way to pressure foreign governments into changing domestic laws, regulations, or business practices that may have the indirect effect of limiting U.S. exports. Congress has decided that such measures are fitting, even though similar behavior by foreign governments would be met with congressional outrage.

Why Pick on Japan?

Why is Japan, today as in the past, so obviously a special target of U.S. trade policy? Japan's formal barriers to imports are now among the lowest in the world; Japanese tariff rates average about 2 percent, compared to about 4 percent in the United States, and the range of products covered by quantitative limits on imports is smaller than in the United States. As U.S. import barriers increased substantially during the 1980s, Japanese barriers fell. The Japanese government accelerated the reduction of tariffs to which it had agreed in the Tokyo Round and, under U.S. pressure, removed some of its quantitative limits on agricultural imports.

Japan's import barriers are also dramatically different from those of the other two countries, Brazil and India, that were designated in May for Super 301 negotiations. The average tariff rate in Brazil is 37 percent, in India 138 percent, and each of these countries also has a restrictive system of import licensing. One cannot help but wonder what criteria would select these three countries for the initial negotiations.

Moving beyond trade barriers, the government of Japan has also permitted appreciation of the yen against the dollar, allowing it to increase by 71 percent since 1979 and by 86 percent since the dollar's strength peaked in 1985. This rise in the currency's value has pushed down prices of U.S. products in Japan and raised prices of Japanese products in the United States. By comparison, the trade-weighted average of the major currencies (including the yen) has declined about 5 percent since 1979 and increased by 54 percent since the dollar's peak in 1985. Thus, there is no reasonable basis for asserting that the government of Japan has used either formal trade barriers or exchange-rate manipulation for protectionist objectives in the 1980s.

The record also indicates that the Japanese economy is ever more receptive to U.S. exports. From 1979 through 1988, U.S. exports to Japan increased

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by 114 percent (in current dollars), including a 34 percent jump in 1988 alone. Over the same period, U.S. exports to Japan rose from 9.6 percent to 11.7 percent of total U.S. exports, despite U.S. government restrictions on the export of Alaskan oil and on the export of logs from Western public forests.

In sum, the large and continuing U.S. trade deficit with Japan ($52 billion in 1988) is not due to slow growth in U.S. exports to Japan but to a rapid growth of U.S. imports from Japan. From 1979 through 1988, U.S. imports from Japan increased 242 percent, despite the widening government blockade to these imports. Certainly, the trade deficit is not prima facie evidence of unfair trade practices by Japan.

Given this record, what motivates the antagonistic U.S. trade stance vis-à-vis Japan? The most obvious answer is that Japan has been a formidable competitor — initially in textiles, later in standard industrial products, more recently in certain high-technology products. For the most part, low prices and high quality, not unfair trade practices, have been the reason for Japan's success. In addition, undoubtedly, the complex web of business and government relations in Japan limits entry by foreign firms — as well as by new Japanese firms. For both reasons, universal trade rules alone do not seem to protect established Western industries, and thus Western governments have implemented one trade measure after another against Japan. Perhaps, too, an element of hostility based on memories of World War II may yet influence politicians in the West.

Ironically, the government of Japan also bears some responsibility for its victimization. The U.S. government targets Japan in part because Tokyo is uniquely responsive to pressure. In 1986, when Washington put pressure on the governments of West Germany, Switzerland, Taiwan, and Japan to establish VERs on machine tools, the two European governments resisted, but Taipei and Tokyo caved in. More recently, the European Community notified U.S. officials that it would not negotiate with the U.S. government in response to a Super 301 charge; but the Japanese were willing. Furthermore, the nature of the Japanese responses — VERs, floor prices on exports, and various changes in domestic practices — undermines the role of law in international trade. The U.S. government did not have the authority to implement these restrictions, yet Tokyo acceded to U.S. pressure in an effort to avoid harsher measures. Such responses are shortsighted: giving in to a bully invites more acts of aggression.

In the end, though, the bully's actions must be blamed primarily on him, not on his victim. And Washington must face the sad fact that it has become the major bully of the world trading system. This situation can be resolved by a U.S. reaffirmation of its commitment to the rule of law in international trade; or by foreign resistance to U.S. pressure for measures inconsistent with the rule of law. In the near future, the latter is more likely than the former. U.S. trade policy will probably become more aggressive, as reflected by the expectations embodied in the new U.S. trade legislation.

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The New Trade Law

Technically, the Omnibus Trade and Competitiveness Act of 1988 does not alter the president's discretion on trade issues. But it has sharply changed expectations about how that discretion will be used. For this reason, a case can be made that the initial Super 301 accusations against Japan were beneficial — they were relatively insignificant in themselves, and they may have helped prevent a firestorm in Congress. Under this interpretation, the charges may buy time until Congress is diverted by concerns other than trade, or (more hopefully still) until congressional perceptions concerning trade have changed.

Two perceptions, widely shared in Congress, currently underlie Super 301 and the Omnibus Trade and Competitiveness Act of 1988: first, that trade measures can reduce the trade deficit; second, that free trade benefits the United States only when other countries also practice free trade. Both are demonstrably false.

In the first case, the trade balance of a country (exports minus imports, broadly defined) necessarily equals the savings by that country minus the domestic investment in that country.[1] Thus, the United States has a large trade deficit because savings by Americans (net of government borrowing) is less than investment in the United States. In 1979, for example, private saving plus a small government-sector surplus was 18.2 percent of GNP and private investment was 18.1 percent of GNP. The difference was reflected in a small trade surplus. In 1987, by contrast, private saving minus a large government deficit was 12.5 percent of GNP, and domestic private investment was 16 percent of GNP — the difference was reflected in a large trade deficit. By the same token, Japan has a large trade surplus because its saving rate is much higher than its domestic investment rate. The large bilateral U.S. trade deficit with Japan results from the intersection of these two very different saving-investment balances.

Diminishing the trade deficit, therefore, should not be an overriding objective. In the first place, trade policies do not significantly affect the economic patterns that give rise to trade deficits. In the second place, some means of reducing the trade deficit lead to undesirable consequences. To be specific, a reduction in the U.S. trade deficit demands an increase in net saving or a reduction in domestic investment. But moves to contract domestic investment should be avoided as counterproductive. The U.S. trade deficit should be considered as resulting from the unusually low rate of net saving, and the primary options should be to slow the growth of either private or government consumption.

[1] For the logic underlying this equivalence, see my "The Uneasy Relation between the Budget and Trade Deficits," *The Cato Journal*, Fall 1988, p. 507.

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As for the second misperception, the vexing issue of unilateral free trade: the average American continues to benefit from free trade, whatever the trade policies of other governments, except in those rare cases where the economies of scale of a specific industry are very large relative to the size of the world market. The reason is simple. A unilateral reduction of U.S. trade barriers increases the purchasing power of American consumers, even in a world of foreign subsidies and trade barriers.

Nonetheless, a more general decrease in trade barriers should certainly be the objective of U.S. trade policy, for it would increase the output of each of the countries involved. Since World War II, the process that has contributed most to such a general reduction in trade barriers has been the reciprocal reductions instituted through the several GATT tariff rounds. Supporters of Super 301 claim their objective is also to reduce foreign trade barriers, but their process is very different — a threat that the U.S. government will impose new trade barriers if some other government does not reduce its barriers. The stick of unilateral coercion is substituted for the carrot of multilateral reciprocity.

Given the persistence of these misperceptions concerning trade deficits and trade barriers, there will probably have to be some reduction in the U.S. trade deficit and in foreign trade barriers before Washington turns from mercantilist machismo to a reaffirmation of the rule of law in world trade.

In the meantime, how should the governments of Japan and other countries respond to the current and prospective Super 301 charges? An American ought to be cautious about offering counsel to foreign states, but my advice is that officials of other governments agree to *discuss* with U.S. officials the practices identified in the U.S. charges, but refuse to *negotiate* over the practices under the framework of Super 301. The Japanese are especially adept at such distinctions, and Tokyo's initial response was consistent with this advice. At a later stage, if the U.S. government imposes trade sanctions, other governments should be prepared to challenge these sanctions. And this should be done through established GATT procedures, since the overriding objective should be to reaffirm the rule of law in world trade.

This advice is risky, but a more active resistance to U.S. pressure, especially by the government of Japan, is probably necessary. World trade can survive little bullies, for their actions can be avoided or effectively countered. But it cannot survive a big bully.

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Expand the Military-Industrial Complex?

YES — PREPAREDNESS REQUIRES IT

by Mackubin T. Owens

The Department of Defense is now emphasizing industrial preparedness not because of a hidden desire to aid inefficient industries, nor because of grand ambitions to interfere with the U.S. economy. Rather, the Pentagon's concern for industrial preparedness is the result of changes in America's military circumstances. These have created a demonstrable need for strategic investment and trade policies. While such policies must be limited and protected by stringent safeguards to prevent abuse, they must be enacted, and enacted as soon as possible.

Military exercises and war games reveal that in the event of war or even a protracted low-level conflict, American industry would be hard-pressed to support the military needs of the United States and its allies without substantial lead time. Some would argue that military needs already exert a significant influence on the U.S. economy, to the detriment of other sectors; and that further steps to direct trade and investment in the interest of national security, such as those proposed in two recent Pentagon publications,[1] are unnecessary during peacetime. But if American conventional forces are to provide a credible deterrent (and not just a trip-wire for nuclear weapons), it is irresponsible to wait for an emergency before undertaking the many steps necessary to improve the country's military-industrial base.

Background

In the late 1940s, the conventional wisdom in the United States was that the postwar era would be characterized by a protracted conflict between the United States and the Soviet Union. The policy of containment, with its em-

[1] Department of Defense, Office of the Under Secretary of Defense, *Bolstering Defense Industrial Competitiveness*, July 1988; Department of Defense, *Critical Technologies Plan* (rev.). A report for the Committees on Armed Services, U.S. Congress, May 5, 1989.

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phasis on meeting the Soviets everywhere at all times, reflected this viewpoint, as did other aspects of American foreign policy. Even while the U.S. military enjoyed a nuclear monopoly in the late 1940s, it recognized that opposing the expansionist tendencies of the Soviet Union would require strong conventional forces, including a peacetime draft and the maintenance of an industrial base capable of supporting such forces. The outbreak of the Korean War then confirmed these expectations.

The Korean War prompted passage of the Defense Production Act, which gave the United States, as President Harry Truman put it, the ability "to throw our great industrial strength onto the scales of war quickly and efficiently." Advocates of containment considered this mobilization capability an important component of the deterrence strategy, as well as a fallback in case of war. The Soviets had seen America's "arsenal of democracy" for themselves during World War II; policy makers hoped that maintaining this mobilization capability would convince the Soviets that, in the event of war, any early Soviet successes would be overwhelmed by the industrial might of the United States.

Although containment continued to serve as official U.S. strategy after the Korean War, its foundations were gradually undermined by the doctrine of massive retaliation and a belief that nuclear weapons had made protracted war a thing of the past. If this was the case, then the need for a mobilization capability was also undermined. So long as nuclear weapons deterred war, it was said, the peacetime capacity to produce a small but constant quantity of expensive, highly capable weapons would suffice. If deterrence failed, mobilization capacity would be superfluous. This led to the "force-in-being" approach to planning, adopted by the Air Force in 1955, which postulated that the next war would be total nuclear war, fought only with weapons available at its outset.

The adoption of a flexible response strategy in 1962 produced little change. In principle, this new strategy obligated the United States to be prepared for the full spectrum of conflict, from what is now called low-intensity conflict through conventional war up to global nuclear war. In practice, however, conventional fighting capabilities remained focused on limited wars, such as the one in Vietnam, and on other contingencies short of an East-West global war. Accordingly, flexible response had an effect on mobilization similar to that of massive retaliation. In a limited war, U.S. industry could capably support the military without resorting to extraordinary measures. A global conflict would be brief, win or lose, rendering industrial preparedness virtually irrelevant.

U.S. strategic theory began to change once more in the late 1970s. Soviet advances in nuclear weaponry rendered the U.S. nuclear deterrent far less credible. It made little sense for the United States to threaten to escalate a conventional conflict up to the nuclear level when its opponent had at least parity, and in some cases superiority, on most rungs of the "escalation ladder." With this in mind, analysts began to speak of the need to improve America's

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ability to fight a conventional but large-scale war. That ability, in turn, would depend upon a strong military-industrial base.

In short, weaknesses in the industrial base of America's military system were deemed acceptable until quite recently. So long as the United States enjoyed nuclear superiority, that edge was thought able to deter large-scale conventional wars. Only the end of U.S. nuclear superiority forced policy makers to question their assumptions and to recognize the increased possibility of large-scale conventional warfare. This awareness prompted the recognition that the U.S. industrial base might not be able to support American forces in such circumstances. That, in turn, has spurred the Department of Defense to take an unprecedented interest in questions of trade and investment.

America's Military-Industrial Base

The U.S. military-industrial base consists of three levels. *Basic industrial capacity* comprises the foundation industries that produce raw goods necessary for both civilian and military output: metals, chemicals, and energy. *Subtier industries* produce the components and parts that are put together to create final products. *End-product industries* include those dedicated exclusively to military production, the "defense industries" plus that part of the civilian sector that can be converted to military production.

What the U.S. military requires of this industrial base is to maintain a technological edge over potential adversaries; then, in time of war, to meet the needs of national security in a timely and economical manner. At minimum, this means efficient peacetime production, support for the military's existing force structure and war reserve, and a surge capacity (rapidly expanded production within the existing industrial plant). In the event of a major conventional war, U.S. industry would also have to be mobilized (a structured, systematic increase in production rates over one to two years). Mobilization requires a major expansion of industrial capacity; circumstances may require not only that wartime losses be replaced, but also that support be provided for significantly enlarged forces.

At present, U.S. industry cannot meet the minimum requirement, much less mobilize in response to a global crisis. Problems exist at all three levels. With regard to *basic industrial capacity*, structural changes in the U.S. economy and increased foreign competitiveness have caused much traditional heavy industry to move overseas. While this de-industrialization is probably the American economy's most highly publicized problem, it is in fact the least troubling.[2] The shift of heavy industry to countries such as Japan, South Korea, and Taiwan reflects the workings of comparative advantage, and so reinforces economic efficiency. This international division of labor means that the remaining American producers of such products as steel are more effi-

[2] Charles L. Schultze, "Industrial Policy: A Dissent," *The Brookings Review*, Fall 1983, pp. 3-12.

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cient. Excessive attention to the changing structure of America's heavy industry obscures a critical point: in time of crisis, the United States would have access to an alliance-wide industrial base. While this global industrial base has obvious vulnerabilities, for a maritime nation the advantages of exploiting an international division of labor far outweigh the costs.

Problems at the level of *sub-tier industries* are much more severe. Resources have been diverted from military production because of the sustained growth of the U.S. economy since 1983, leading to heightened civilian demands, and declining real military budgets after 1985. This combination has resulted in increased lead times, rising costs, and bottlenecks. In some cases, the military depends on a unique producer — who may not wish to do business with the U.S. government. The army's attempt in the 1970s to surge tank production was frustrated because the lone producer of tank castings could not meet the increased demand.[3] In 1988, the sole producer of aerospace-grade continuous filament rayon yarn, a material critical to space and strateic missile systems, announced that it was closing and filing for bankruptcy.[4]

Excessive attention to the changing structure of America's heavy industry obscures a critical point: in time of crisis, the United States would have access to an alliance-wide industrial base.

Sub-tier production has also been affected by increased foreign competitiveness; much of the U.S. productive capacity has shifted overseas — especially in such areas as electronics, machine tools, fasteners, and precision optics. Although the alliance industrial base partially offsets that shift, the erosion of the traditional U.S. edge in technology remains a legitimate concern. American planners seek to offset the Soviets' numerical superiority with technological superiority. In this critical area, a balance must exist between cooperation with allies and the need to avoid over-dependence on foreign sources for critical technologies during a crisis.

A different set of problems exists at the *end-product* level, where the free market hardly exists.[5] Because the federal government is the sole buyer, the market is monopsonistic. Washington also imposes the regulations under which the sellers must operate. This relationship between supplier and consumer tends to build their mutual interests and to de-emphasize their concern with price. Industries serving the military face many barriers to entry,

[3] Jacques Gansler, *The Defense Industry* (Cambridge, Mass.: MIT Press, 1980), pp. 143-44.
[4] Larry Grossman, "Industrial Base: The Supplier Bottleneck," *Military Forum*, May 1989, p. 40.
[5] See Gansler, *The Defense Industry*.

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including overly exact specifications, purchases of small quantities, annual procurements, high uncertainty of project funding, long gestation periods, a likelihood of low profits, and the highly specialized nature of military research and development. Other barriers to entry reinforce inefficiencies and make it difficult to match the lower cost practices of the commercial sector. These include government sponsorship of research and development, high overhead, specialized capital equipment and labor, and military specifications. Such problems are exacerbated by stop-and-go funding, excessive government regulations, and inflexible contracting and acquisition policies.

A recent study shows the decline in firms willing to do business with the Department of Defense.[6] In 1982, more than 118,000 firms provided manufactured goods to the military; in 1987, fewer than 40,000 remained. Some of the 80,000 went out of business, including about 20,000 small firms. Most, however, simply gave up on the Pentagon and sought out other customers. This is remarkable because, using constant fiscal year (FY) 1989 dollars, the military procurement budget grew from $54.9 billion in 1982 to $87.0 billion five years later. Of course, not every company's capacity is completely lost to the military-industrial base. In time of emergency or war, many would be available for military production, though in a less timely manner. Still, the movement of firms away from military production has exacerbated the structural distortions that characterize the U.S. military industry.

Even greater shortcomings affect the U.S. ability to surge production in times of emergency. Indeed, the lead times and the unit costs of producing weapon systems, resulting from such distortions in the peacetime acquisition process as the extension of programs (increasing the time over which a system will be produced in order to reduce expenditures during a particular fiscal year), stop-and-go funding by Congress, and constant tinkering with military specifications, have increased so dramatically that one can question the whole concept of surge capacity in the production of weapons platforms such as tanks and aircraft. Accordingly, the Department of Defense has focused its attempts to improve surge capacity in the area of sustainability items (spare parts and munitions), especially precision guided munitions, short-range missiles, and other ordnance. While improvements have been made, major deficiencies remain. For example, surging ammunition production would be tethered by a number of sub-tier constraints, leading to possible bottlenecks. Rolling mill and metal-forming firms are already operating at high levels of capacity. In the absence of action before an emergency, it would be difficult to shift some of this capacity to ammunition production. Similar problems would constrain the ability of sub-tier firms to produce ammonium perchlorate. Finally, many guidance systems and explosives are produced overseas.

[6] Center for Strategic and International Studies, *Deterrence in Decay: The Future of the U.S. Defense Industrial Base*, Washington, D.C., May 1989, pp. 31-33.

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Current Circumstances

To understand the current problem, several points need to be established. First, the international division of labor is an irreversible fact. Strengthening the U.S. industrial base, therefore, does not mean seeking economic self-sufficiency, much less autarky. Even if this were a good idea, it is not affordable. Fortunately, the loss of U.S. industries to the international division of labor does not necessarily mean that their output is unavailable to the United States, even in time of war. An alliance military-industrial base exists, making it unnecessary to replicate the U.S. industrial base of the 1940s and 1950s, characterized by basic heavy industry. Making use of this alliance base, of course, places a premium on cooperation with the allies. As Robert Costello, former under secretary of defense for acquisition, has said about co-development of the FSX fighter with Japan: "We have to be tied to the Japanese in very direct ways because they have some things that we do not."[7] It also points to the importance of strong naval forces; the navy protects those allies that provide critical materiel as well as the sea lanes of communications to them. But, while disruptions are always possible, overseas suppliers are by and large very reliable, and exercises and war games indicate that U.S. naval power is sufficient to serve its protective function.

Of course, an alliance industrial base has its limits. Vulnerabilities arising from interdiction of trade constrain the global base. But there are also political problems that arise in any alliance. For instance, as Edward Olsen has pointed out, a given country may not mind if its military alliance with the United States involves mutual economic dependence. But how pleased will that ally be if such an alliance involves U.S. economic dependence on a third state? Japan, for example, produces high-technology components for the U.S. military, and thereby accepts a partial U.S. dependency — but how would the Japanese feel about having the U.S. dependent on a third state for a critical part of the military-industrial base?[8] In addition, economic interdependence grants an ally in disagreement with a particular policy the means to put economic pressure on the United States.

Second, the market alone cannot meet all the requirements of national security, primarily for the structural reasons discussed above. This issue was argued at length at the beginning of the Reagan administration, as part of the debate between the Pentagon and the Office of Management and Budget (OMB). The former proposed an "Action Plan for Improvement of Industrial Readiness," calling for expanded use of Title III of the Defense Production Act, as amended. Specifically, the Defense Department wanted Congress to amend the Act to reinstate DoD's authority to borrow directly from the

[7] *Defense News*, May 22, 1989.
[8] Edward A. Olsen, "A Case for Strategic 'Protectionism,'" *Strategic Review*, Fall 1987, p. 68.

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Treasury, as had been the case before 1974. OMB argued that the marketplace, stimulated by the military build-up, by reductions in tax rates, and by changes in depreciation schedules, would improve the military-industrial base without any help from the government.[9] The result was a compromise between the Pentagon and OMB, weighted more favorably toward the latter's position. Unfortunately, the compromise did not have the intended effect, for the increase in expenditures did nothing to change industry structure, the crux of the matter. More spending only served to conceal industry problems, and, in the long run, to make matters worse.

Finally, caution is required with regard to the Soviet Union, even in an era of reduced tensions. In the early 1980s, the Soviets sharply increased military investment, as a percentage of their gross national product, over what was already a very high level. Combined with an increased stockpiling effort, that added investment has actually improved the ability of the Soviet command economy to meet the demands of protracted war. Thus, Moscow still has the potential, should its interests warrant, to increase military output and that is what, with all its problems, the Soviet economy does best. Even if East-West negotiations should lead to a shift away from a U.S. defense based on forward deployment and high levels of operational readiness, industrial preparedness remains a hedge against a return to business as usual by the Soviets.

Formulating Policy

What should be done to improve industrial preparedness? The answer depends on one's perspective. Those who focus on the advantages of free trade tend to conclude that the U.S. government may have been done too much already, and would reduce its role further. On the other side, those who mistrust the market would nationalize defense industries, or at least subject major segments of U.S. industry to the vagaries of government planning. But the most prudent approach to improving the military-industrial base lies between these poles, in the development of strategic policies.

Strategic trade and investment policies allocate resources during peacetime to enhance national security in the event of an emergency. These policies acknowledge that the free market normally does not direct resources into the military sector during peacetime, and that waiting until emergency strikes is too late.

Strategic trade policy ensures that the United States does not become overly dependent on foreign suppliers — as might occur were the international division of labor to operate freely — and that it does not lose its technology base. One may disagree over the proper balance between economic

[9] For an account of this debate, see Leon N. Karadbil and Roderick Vawter, "The Defense Production Act: Crucial Component of Mobilization Preparedness," in Hardy L. Merritt and Luther F. Carter, eds., *Mobilization and The National Defense* (Washington, D.C.: National Defense University Press, 1985).

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efficiency and requirements of trade restrictions in the interest of national security, but national security does have a legitimate claim on the formulation of trade policy.

Strategic investment policy channels, in peacetime, economic assets into areas underfunded by the free market. It involves government allocation of resources into military-oriented research and development and the purchase of items with long lead times (such as tank and aircraft engines, and specialized machine tools). It also directs resources into advanced manufacturing technology, such as flexible manufacturing systems, which are computerized production assemblies (machine tools, a material handling system, a computer control system) that can be programmed to manufacture a variety of products, making it easy to shift from civilian to military production.

One may disagree over the balance between economic efficiency and trade restrictions in the interest of national security, but national security does have a claim.

A prudent approach to industrial preparedness must include several elements. The U.S. government should:

Establish a forum to address emergency preparedness and mobilization, then connect these requirements to strategic investment and trade policy. At present, no single group accomplishes this goal. The Reagan administration made major advances by reversing the trend that had moved coordination of emergency preparedness out of the White House (the Office of Emergency Preparedness was abolished in 1973). In 1981, President Ronald Reagan created the Emergency Mobilization Preparedness Board (EMPB) and later folded its functions into the National Security Council. In 1988, Reagan further signaled presidential concern about emergency preparedness by issuing Executive Order 12656, which assigned responsibilities to Federal departments and agencies and strengthened the role of the National Security Council as the "principal forum for consideration of national security emergency preparedness policy."[10]

Implement the Graduated Mobilization Response Plan, released by President Reagan in 1988. The plan gives the president options for gradually increasing U.S. military-industrial preparedness in response to increasing international tension. Because of the perception that mobilization is provocative (recalling World War I), it is often been treated as a measure of last resort. But if mobilization does not occur until the emergency is in full swing, it may be too late. The Graduated Mobilization Response Plan allows the president

[10] Executive Order 12656 of November 18, 1988: Assignment of Emergency Preparedness Responsibilities, *Federal Register*, November 23, 1988, 47491-47512.

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to take carefully weighted, incremental steps toward an improved state of preparedness, avoiding the extremes of provocation and inaction.

For instance, he can direct an increase in the purchase of long lead-time items or strategic minerals; direct certain industries to surge production to support requirements for existing forces; enhance production capacity by letting contracts to expand physical plant or by opening "cold" standby production lines; and review standby legal authorities. Such steps, taken before a crisis develops into a full-scale conflict, would signal U.S. resolve and could help defuse the emergency. At a minimum, steps taken under this plan would reduce lead times.

Use Title III of the Defense Production Act to carry out the strategic investment policy to ensure that the government can fulfill all phases of the GMR Plan. Investment should be limited to those cases where ordinary market mechanisms cannot meet national military needs, such as the advanced manufacturing technologies private corporations are unwilling or unable, due to structural distortions within the military-industrial base, to employ. Several programs already exist to invest government funds along these lines, including the Industrial Modernization Incentives Program (which provides incentives to contractors to make capital investment that improve productivity), the Manufacturing Technology Program (which invests in advanced production technologies), and the Semiconductor Manufacturing Technology Program, known as Sematech.

Build surge capacity into the acquisition process; push so-called surge funding, in effect requiring a contractor to pay for his own surge capacity as part of a contract with DoD.

Improve government-industry cooperation. The first step is to establish forums for cooperation such as a Manufacturing Advisory Council and a Defense Manufacturing Board. Next, antitrust policies should be relaxed, especially those that impede cooperative research and development. Joint ventures between government, industry, and the military should be permitted, even encouraged. This will speed conversion of industrial capacity to wartime requirements.

Conclusion

While some of the fears expressed by opponents of strategic trade policy are misguided, their instincts are not. Government intervention in the economy on behalf of national security must be done carefully, for it is fraught with dangers.

Not least is the danger that national security may become a Trojan horse. Writings of the left, such as Robert Reich and Ira Magaziner in *Minding America's Business*, have for some time advocated an industrial policy that seeks to substitute government decisions for those of the market. This approach has often been discredited, and never more dramatically than during the 1980s, when planners (even Japanese planners) could not predict future

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trends, much less individual winners. Free-market economists, who have to battle with these left-wing partisans of industrial policy, are wary of having to battle also with an industrial policy of the right, introduced as an adjunct to national security.

This is understandable. Already, domestic producers hide behind the banner of national security to achieve protection against more efficient foreign competitors (as in the case of some electronics components, or, previously, steel). Usually these producers can count on the support of members of Congress, who see protection of domestic jobs as an irresistible political issue. Moreover, even some economists (notably Jacques Gansler) explicitly advocate military-industrial preparedness as the leading edge of a wider industrial policy.[11]

But legitimate concerns about industrial policy do not undo the serious problems in the American economy that hamper the government's ability to provide for the common defense. The U.S. government in general and the Department of Defense in particular have important, if limited, roles to play in alleviating those problems.

[11] Jacques Gansler, "A U.S. Defense Industrial Strategy," *International Security*, Fall 1987, pp. 45-62.

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Expand the Military-Industrial Complex?

NO — IT'S UNNECESSARY AND INEFFICIENT

by William J. Long

Although the United States has traditionally pursued a policy of relatively free trade and investment, many are now calling for a more managed approach to defense-related industries.[1] In large measure, these calls have been provoked by America's unprecedented trade deficits, by foreign challenges to its technological lead, and by the sudden reversal in its status from the world's leading creditor to the leading debtor. Should these voices be heeded? Should an effort be made to preserve or encourage domestic "strategic" industries, that is, industries that contribute to technological advancement, national income, or defense programs? The issue breaks down into three component questions. Do imperfections in the market (such as industry concentration or export targeting by foreign governments) demand remedial U.S. action that departs from free trade norms? If so, are government agencies capable of discovering the remedies that will nurture the appropriate industries? And can the political process produce appropriate and effective policies?

The Department of Defense (DoD), among others, already has answered all three of these questions in the affirmative, and its decisions could profoundly affect the course of U.S. trade and investment policy. In so deciding, however, the DoD has ignored basic objections to so major a shift in America's economic stance. And a close look at those objections suggests

[1] See Jacques S. Gansler, "Needed: A U.S. Defense Industrial Strategy," *International Security*, Fall 1987; Edward A. Olsen, "A Case for Strategic 'Protectionism,'" *Strategic Review*, Fall 1987; and Michael Borrus, Laura D'Andrea Tyson, and John Zysman, "Creating Advantage: How Government Policies Shape International Trade in the Semiconductor Industry," in Paul R. Krugman, ed., *Strategic Trade Policy and the New International Economics* (Cambridge, Mass.: MIT Press, 1986).

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that defense protectionism, like other forms of protectionism, is unnecessary, ineffective, and even dangerous.

Free Trade versus Strategic Trade

American free-trade liberalism holds that the distribution of resources should be left to market mechanisms and that the provision of collective goods (such as stable exchange rates) should be the province of international organizations.[2] Although the United States has never completely realized this ideal, its postwar trade and investment policy has usually favored free trade. The reason for this policy was stated by President Reagan in September 1983, and it is a reason that would have been given by any of his predecessors: "The United States believes that international direct investment flows should be determined by private market forces . . . . We believe there are only winners, no losers, and all participants gain from it."[3] Thus, with regard to capital barriers, the United States has maintained an open-door policy that has few exceptions. With regard to trade barriers, it has led an international movement away from high tariffs and toward a more open international trading system. To be precise, it has stood for the principle of negotiating diffuse, reciprocal trade liberalization through multilateral institutions such as the General Agreement on Tariffs and Trade.

Within the U.S. government, however, support for this policy has not been unanimous. Congress often has opposed free trade and investment policies, while the president and executive branch agencies held the bulwark. Repeatedly, since the Reciprocal Trade Agreements Act of 1934 provided for the reduction of tariff levels by executive decree, the executive branch has held at bay congressional attempts to pass protectionist legislation. This resistance usually has taken the form of offering partial relief to politically important groups suffering from foreign competition (such as the steel and auto industries) in exchange for congressional support for international free trade and open capital markets.[4] The pattern has been clear: Congress makes the noise, the executive branch takes the heat, and a deal is struck.

This system of relatively open trade and investment has unquestionably served U.S. and Western interests well. The increase in global trade and capital flow since the days of the Smoot-Hawley Tariff Act (1930) has been dramatic and unprecedented. Between 1933 and 1980, for example, real, price-adjusted U.S. exports more than doubled as a share of U.S. goods production. With expanded trade and investment has come an era of global

[2] Judith Goldstein, "The Political Economy of Trade: Institutions of Protection," *American Political Science Review*, March 1986, p. 161.

[3] President Ronald Reagan, Statement on International Investment, September 9, 1983; reprinted in *Department of State Bulletin*, September 1986.

[4] I.M. Destler, *American Trade Politics: System Under Stress* (Washington, D.C.: Institute for International Economics, 1986); and Robert Pastor, "The Cry-and-Sigh Syndrome: Congress and Trade Policy," in Alan Schick, ed., *Making Economic Policy in Congress* (Washington, D.C.: American Enterprise Institute, 1983).

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and national prosperity.

Nevertheless, the argument that free trade and investment policies best serve the nation is presumptive only. It can and should be overridden by an argument for government intervention where compelling evidence in a particular case supports the need for national security. Indeed, U.S. trade and investment policy has long recognized such conflicts. Perhaps the best known departure from free trade liberalism is embodied in the Export Administration Act, under which the Commerce Department, in consultation with other agencies, grants or denies export licenses for reasons of national security or foreign policy. The Department of Defense is entitled to review these license applications for the export or re-export of specified commodities and technical data to communist countries, or to certain non-communist countries thought to pose a significant risk of diversion.

Nor are export controls the only justifiable limits that national security can impose on free trade. Even in the nuclear age, it makes sense for the United States to safeguard select production capacities from economic, political, or military disruption.

But in terms of large-scale economic policy, the Defense Department traditionally has held that open trade and investment policies were vital to maintaining the U.S. technological advantage over the Soviet Union, and in this way made an essential contribution to U.S. defense. The Defense Department also opposed import restrictions because it wished to maintain the option of procuring goods and components on a worldwide market and because it viewed its ability to deal with economic competitors as more important than securing domestic suppliers. The department's support for the co-development of the FSX aircraft with Japan indicates that this view still predominates, on occasion. These premises are now changing rapidly, however, and the changes mark a turning point in the executive branch's approach to trade and investment.

The New Defense Protectionism

Increasingly, the argument is heard in defense circles that a sound strategic trade and investment policy entails governmental protection of, or encouragement for, certain industries. In the narrow version of this argument, the industries are said to be vital to U.S. defense programs. In the broad version, they are merely linked to the economic health upon which U.S. military power is based.

During the 1980s, such notions of a strategic trade and investment policy spread quickly from the academic to the policy-making realm and took institutional root at the Department of Defense. This change was prompted in part by the precipitous decline in the fortunes of the U.S. high-technology sector, once a showcase of the U.S. economy and a prime source of America's defense superiority. From 1980 to 1985, America's high-technology trade balance declined drastically, from a surplus of $27 billion to less than $4 bil-

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lion. In 1986, the United States incurred its first high-technology trade deficit.[5] As a result, a fissure developed in the executive branch's traditionally solid support for liberal free trade and investment policies. Elements in DoD began to argue that "strategic industries" — semiconductors, numerically controlled machine tools, high-speed computers, telecommunications equipment, and a variety of other sophisticated technology products — should be protected from foreign competition and acquisition because of their role in U.S. the industrial requirements of the U.S. military. Two recent cases, involving machine tools and semiconductors, illustrate the department's theory.

In the fall of 1985, the Defense Department abandoned its opposition to import relief for the U.S. machine tool industry and began to support a Commerce Department recommendation that the president provide some form of import protection to the industry. This reversal reflected a growing concern that the machine tool industry, which the Pentagon considers vital to U.S. military and industrial interests, had become overly dependent on foreign (particularly Japanese) suppliers, and that steps had to be taken to protect it, even if that meant offending U.S. allies and trading partners. After several years of executive branch investigations and interagency negotiations, the president accepted the idea and negotiated a five-year voluntary restraint agreement with Japan.[6] Taiwan also accepted voluntary restraints, and the president notified other countries (such as South Korea, West Germany, and Switzerland) that their exports to the United States would be monitored and action taken to prevent any substantial increase in these exports.[7]

Shortly afterward, the U.S. semiconductor industry, with Washington's cooperation, launched a series of administrative actions charging that Japanese manufacturers dumped their chips on the U.S. and world markets, while denying U.S. companies access to the Japanese market. This dispute ultimately resulted in a confidential, bilateral agreement to share markets and adjust prices internationally. This settlement contrasted markedly with the historic U.S. commitment to open, multilateral solutions to trade problems. Then, in early 1987, the Defense Department lent its support to Sematech, a joint government-industry consortium for the development of advanced semiconductor manufacturing technologies. At the Pentagon's request, Congress appropriated $100 million dollars to Sematech for fiscal year 1989.

The machine tool and semiconductor disputes signaled a new emphasis on government management of foreign trade and domestic financial invest-

[5] W.F. Finan, Perry D. Quick, and Karen Sandberg, *The U.S. Position in High Technology: 1980-86*. A report prepared for the Joint Economic Committee (Washington, D.C.: Quick, Finan and Associates, October 1986).

[6] For a discussion of the U.S. machine tool industry's quest for import relief and the U.S. government's response, see Clyde V. Prestowitz, Jr., *Trading Places* (New York: Basic Books, 1988), pp. 217-49.

[7] "Arrangement Between the Government of Japan and the Government of the United States of America Concerning Trade in Certain Machine Tools," December 16, 1986 (mimeograph); "Arrangement Between the Coordination Council for North American Affairs and the American Institute in Taiwan Concerning Trade in Certain Machine Tools," December 15, 1986 (mimeograph).

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ment to serve strategic interests. They also revealed DoD's desire to play a central role in this management process by identifying, protecting, and nurturing strategic industrial sectors. Viewed in the context of recent developments, these are the beginnings of a new trade and investment policy for an era when the United States remains predominant militarily, but not always economically or technologically.

The cost of protecting and promoting the many "strategic" sectors already amounts to an enormous burden. Department of Defense efforts to identify new strategic industries will further add to these costs without significantly improving national security.

In mid-1988, the department released *Bolstering Defense Industrial Competitiveness*, an important examination of the U.S. defense industrial base that outlined a general strategy for preserving and strengthening domestic industries of strategic importance. Focusing on America's increasing dependence on foreign hardware and technology and on the erosion of U.S. competitiveness in defense-related industries, the report concluded that "United States institutions have not responded adequately or quickly enough to basic shifts in economic or manufacturing power among nations." It recommended a more active role for the Defense Department in U.S. foreign and domestic economic policy, the establishment of internal DoD mechanisms for addressing defense manufacturing issues, and the formation of a Defense Manufacturing Strategy Committee at the National Academy of Sciences to undertake a comprehensive analysis of the interplay between foreign trade and domestic defense procurement policies.[8]

A more recent study, *Final Report on the Defense Industrial and Technology Base*, issued by the Defense Science Board study group (which consists of defense contractors and university officials), reinforced this view. It found the U.S. industrial and technological base ever less capable of meeting national security needs. Consistent with DoD inclinations, the report called on the president to create an Industrial Policy Committee, chaired by the national security adviser, to assess and eliminate the gap between military needs and industrial capabilities. It also recommended the inclusion of the secretary of defense in the Cabinet-level Economic Policy Council.[9]

[8] U.S.Department of Defense, *Bolstering Defense Industrial Competitiveness*. A report to the Secretary of Defense by the Under Secretary of Defense for Acquisition. July 1988, pp. v-xiv, 13.

[9] Department of Defense, Office of the Under Secretary of Defense for Acquisition, Defense Science Board 1988 Summer Study, *Final Report on the Defense Industrial and Technology Base*, October 1988.

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Then, in March 1989, in consultation with the Energy Department, DoD released its *Critical Technologies Plan*, which lists twenty-two technologies considered essential to ensuring the "long-term qualitative superiority of U.S. weapons systems."[10] Many of the listed technologies are in important commercial sectors. Further, in presenting the list for review by the Congress, Deputy Undersecretary of Defense for Acquisition Milton Lohr noted that the list is not comprehensive, nor does it include all the important supporting technologies.

The Defense Department's new-found interest in the economy is of truly staggering scope. It has begun to advocate active government participation in the market through trade and investment policies that protect and promote those industries it believes are strategic. Clearly, the time has come to raise hard questions about DoD's understanding of its role in a free economy.

Is Defense Protectionism Necessary?

To be sure, the presumption in favor of free trade can be overridden when that policy potentially endangers vital national security concerns. But such a move presumes that the proposed intervention is necessary, that it will be effective, and that it can be accomplished in a way that yields more benefit than harm. Does DoD's campaign for a strategic trade and investment policy meet these three criteria?

Like most major industrial countries, the United States already protects essential military, food, energy, communications, transport, and core production needs through a host of selective measures. The U.S. government promulgates over 600 pages of regulations governing strategic exports.[11] It prohibits or limits foreign acquisitions in the atomic energy, airline, and communication industries. It stockpiles and subsidizes food and energy, and protects such manufactures as steel, automobiles, textiles, semiconductors, and machine tools. It finances research and development in national defense, aerospace, health, and medicine.[12] The cost of protecting and promoting these many "strategic" sectors already amounts to an enormous burden. DoD efforts to identify new strategic industries will further add to these costs without significantly improving national security.

The argument for an expanded DoD role in managing the U.S. economy ignores certain basic realities. First, contrary to the assumption underlying the new DoD economic interventionism, U.S. national security does not require total reliance on domestic supplies. In an era of growing economic and technological interdependence and transnational corporations, the industrial

[10] U.S. Department of Defense, *Critical Technologies Plan*, March 15, 1989, p. ES-1.

[11] See *Code of Federal Regulations*, Volume 15, pts. 370-90.

[12] See, for example, National Science Foundation, *National Patterns of Science and Technology Resources*, 1984 (NSF Report 84-311); and W.C. Boesman, "U.S. Civilian and Defense Research and Development Funding," Congressional Research Service, August 23, 1983.

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base of American security must to some degree depend on the resources of U.S. allies and on companies not completely under U.S. national control. Indeed, sensible procurement of manufacturing equipment, weapons, and technology should exploit the innovation and competitive discipline that foreign suppliers can provide.

Undoubtedly, domestic or accessible foreign supplies could meet U.S. security needs for nearly all products under a wide variety of wartime scenarios. Invariably, in the past, U.S. industries petitioning for import protection on national security grounds have failed to prove that competing foreign suppliers would be unavailable sources in wartime. One reason is that the proliferation of technological competence throughout the West means alternative suppliers can be found in Western Europe, Japan, and elsewhere.

Second, a reduction in conventional forces — and hence the economic resources needed to sustain them — is at the top of both the U.S. and Soviet arms control agendas. Success in controlling arms will allow the DoD to shift funds from present expenditures to building reserve capacity and mobilization potential. Too, should there be similar progress in lessening the probability of a major and protracted conventional war, the U.S. force structure will shift accordingly, and the structure of the U.S. defense industry with it. Almost certainly, this will mean a move away from large-scale production capacity.

Third, many problems thought to require government's intervention could be better resolved by getting the government out of the marketplace. As one study of a defense industrial policy put it:

> The government should stop taking actions that work against. . . market trends. Overly stringent antitrust policies work against the cooperative development and subsequent diffusion of new technologies. Overly zealous export restrictions prevent U.S. firms from reaping the profits from proprietary-product development.[13]

Similarly, a government effort to put its fiscal affairs in order and to increase the rate of domestic savings might go far toward improving America's industrial base.

Fourth, DoD already spends some $300 billion dollars a year, approximately 5 to 6 percent of the gross national product. Nearly 85 percent of this money is spent in the realm of non-nuclear defense. Properly spent, that sum could be a tremendous tool in shaping the U.S. industrial capacity, both active and latent, that national security requires. Clearly, this is not how it has been used. But flaws in the Pentagon's management of its budget should not excuse disruptions of the free market. It will be time for such disruptions only when DoD has done all it can working with the free market.

To be specific on this score, the Defense Department should seek in-

[13] Daniel I. Okimoto, Henry S. Rowen, and Michael J. Dahl, *The Semiconductor Competition and National Security* (Stanford, Calif.: The International Strategic Institute, 1987), p. 75.

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novative measures to serve U.S. defense needs efficiently. It should re-examine its procurement practices and undertake additional farsighted projects in basic science and engineering to improve U.S. security and technological abilities. For example, the Office of Technology Assessment recently found that the Pentagon's complex procurement process inhibits commercial exploitation of new developments, and that DoD strategy for developing critical technologies often lacks coordination.[14] Further, as a consequence of funding demonstration-and-development projects, and supporting technology commercialization proposals, the Pentagon's funding of basic research as a percentage of total DoD expenditures has declined dramatically, from 5.2 percent in 1965 to an estimated 2.2 percent in 1990.[15] Similarly, the budget share for basic research at DoD's Defense Advanced Research Projects Agency (DARPA) has fallen from 20 percent in 1980 to 7 percent in 1989. This atrophy of support for basic research and the lack of policy coordination, if left uncorrected, are sure to affect defense preparedness and the U.S. ability to maintain its technological advantage over potential adversaries.

Is Defense Protectionism Effective?

Strategic trade and investment policy is fraught with uncertainty. The United States has no tradition of successful government involvement in economic decision making, and no evidence suggests that the U.S. government as a whole, let alone the Department of Defense, knows how to improve national welfare and security by developing sectors of the economy that will produce higher rates of return on investment or extraordinary technological benefits.

For example, government intervention in the semiconductor market yielded less than optimal results. This is not for lack of trying. In addition to supporting voluntary export restraints, DoD involvement in the semiconductor industry has included the funding, research, and development of semiconductor manufacturing techniques through Sematech; opposing in late 1986 Fujitsu Corporation's acquisition of Fairchild Semiconductor (a U.S. firm owned by a French parent company); and, recently, committing itself to operate its own semiconductor manufacturing plant under a contract with National Semiconductor.

The Pentagon has little to show for these efforts. The voluntary restraint agreement with Japan raised the costs and reduced the competitiveness of U.S. semiconductor-using industries; drove Japan toward the high end of the semiconductor market, where it will compete more directly with U.S. manufacturers; encouraged Japan to build sophisticated micro-processors not covered by the agreement; and created a market niche for Korea's nascent

[14] U.S. Congress, Office of Technology Assessment, "Holding the Edge: Maintaining the Defense Technology Base," May 1989.

[15] Claude Barfield, "Point-Counterpoint: Should the Pentagon Play a Major Role in U.S. Industrial Competitiveness," *Challenges*, May 1989, p. 5.

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semiconductor industry. It is too early to assess the outcome of the Sematech project, but it does mark a major departure from traditional American reliance on the market to allocate capital for commercial undertakings, and may set an ominous precedent.

DoD's track record on export controls, another area where industrial competitiveness must be balanced against national security, offers little reason for optimism regarding trade and investment policy. The Pentagon consistently has shown that it is not sufficiently sensitive to free trade's benefits, either economic or military. Thus, a special panel sponsored by the National Academies of Sciences and Engineering found that the Defense Department's efforts to reinvigorate security export controls have skewed the balance in favor of military security and against economic vitality, at considerable cost to U.S. competitiveness.[16] This willingness to forego the contribution that free trade makes to economic vitality, scientific and technological advancement, and ultimately military security suggests that the strategic trade initiative also is likely to be overly protectionist.

Ironically, then, more DoD involvement in the commercial sector could retard, rather than accelerate, the pace of technological advancement essential to America's defense. It would shelter U.S. industry from the consequences of inefficiency and inertia, and limit the potential for Western collaboration.

Is Defense Protectionism Prudent?

Policy making on such issues as trade and investment is highly diffuse in Washington, with no single congressional committee or executive agency in firm control. In Congress, the splintering of jurisdiction over trade and investment issues has recently reached unprecedented levels. During the 100th Congress, more than a dozen committees shared jurisdiction over trade and competitiveness legislation in the Senate, and a similar number of committees shared jurisdiction in the House. The Omnibus Trade and Competitiveness Act of 1988 required a conference committee composed of 199 members!

In the executive branch, authority also is decentralized. Although the key players vary with the issue, they usually include the Treasury, Commerce, State, Agriculture, and Labor departments, the Office of the U.S. Trade Representative, and the Council of Economic Advisers. A bid by the Department of Defense for ascendancy in trade and investment policy in broadly defined national security-related areas poses a considerable risk. Even assuming DoD could successfully balance security and free trade considerations, political realities could easily undermine the most thoughtful policies. Once DoD weakens the executive branch's commitment to open trade and capital

[16] *Balancing the National Interest: U.S. National Security Export Controls and Global Economic Competition* (Washington, D.C.: National Academy Press, 1987), p. 161.

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markets, large and powerful industries are likely to wrap themselves in the banner of strategic trade to obtain preferential treatment. For, as Jacques S. Gansler, a former Pentagon procurement officer, puts it: "National security sells. Industrial policy doesn't."[17]

Once the Defense Department weakens the executive branch's commitment to open trade and capital markets, large and powerful industries are likely to wrap themselves in the banner of strategic trade to obtain preferential treatment. For, as one former Pentagon procurement officer puts it, "National security sells. Industrial policy doesn't."

It appears this process is already under way. Buoyed by its intervention in the machine tool and semiconductor cases, the Defense Department announced in December 1988 that it plans to devote $30 million to the development of high-definition television (HDTV). DARPA, which is in charge of the undertaking, maintains that U.S. manufacture of HDTV will increase the demand for semiconductors, since high-definition television is projected to consume up to 40 percent of the dynamic random-access memory chip market. This investment is supposed to assist the profitability and innovativeness of U.S. semiconductor manufacturers, and of course semiconductors are at the heart of computers, jet fighters, and sophisticated defense systems. This logic ends up making a consumer electronic item the Pentagon's concern.

Seizing on the government's rationale, the American Electronics Association (AEA) asked Congress for $1.35 billion in grants, loans, and guarantees to promote HDTV. The association's proposal specifically requests $300 million in grants over three years from DARPA. Yet the firms sponsoring the AEA study and pleading for government support had investment funds totaling $24 billion in 1988. More peculiar still, DoD seems intent on helping American manufacturers prevail in their rivalry with Japanese companies.

Not only has this nothing to do with DoD's mission, but such intervention will inevitably lead America's trading partners to construe the whole strategic trade policy as a form of hostile economic nationalism. This perception might then produce a harsh response from the Japanese, who have a strong protectionist tradition of their own. The sobering experience of the Smoot-Hawley measure should be remembered: within a year of the tariff's enactment, twenty-six governments had retaliated against the United States.

[17] *The New York Times*, July 3, 1989.

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Conclusions

Profound economic changes and intractable political problems rightly challenge existing policy assumptions and institutional patterns. The devastation of the Great Depression and World War II delegitimized U.S. high tariff policy and galvanized American support for open international markets. As one consequence of these crises, executive branch institutions acquired unprecedented capacity to effect liberal free trade and investment policy.

Today, huge and enduring trade deficits and the sudden reversal in the U.S. credit position in the 1980s confront policy makers with a crisis that may reshape the norms and institutional arrangements governing trade and investment policy in the 1990s and beyond. The Department of Defense has taken this opportunity to advocate active government participation in the market through trade and investment policies that protect and promote those industries it believes are strategic in one or several meanings of that term. DoD argues (as do others) that such interventions are required because other countries are undermining U.S. security and exploiting the United States economically through their own interventions. Further, DoD has offered itself a lead role in identifying potentially necessary government involvement. Its interests are already reflected in new statutory provisions and new institutions such as Sematech.

For those concerned with the future course of U.S. trade and investment policy, Department of Defense activism in the economic arena should be worrisome. The Defense Department's institutional weight and influence may overwhelm other institutions in the highly decentralized and delicately balanced economic policy-making process and foreclose effective debate. Moreover, the manifold benefits of economic freedom, and the potential for harm in economic interventionism, make government policies to shelter defense industries prima facie unwise. A defense industrial policy should therefore not be launched until thorough study has proven that national security requirements make it unavoidable.

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Documentation

THE CHINESE DEMOCRACY MOVEMENT OF 1989

by Lawrence R. Sullivan

The following documents reveal some of the thinking behind the recent political struggle in China. In a narrow sense, that struggle began with the April 15 death of an ousted Communist party general secretary, the reform-minded Hu Yaobang. It ended, for the moment at least, with the massacre in and around Tiananmen Square on June 3 and 4.

Some activists in the dissident movement believed quite early in 1989 that pressure for democracy was building. Yet it is doubtful anyone on either side anticipated the strength of this year's uprising, or its dramatic death. As the first document illustrates, there was a sense among the dissidents, even before the heady days of April and May, that 1989 would present a major challenge to the regime. Writing in January, astrophysicist and human rights advocate Fang Lizhi predicted popular reactions to the upcoming anniversary of the May 4th movement, the student demonstrations of 1919 which had demanded "science and democracy." Fang also saw the emergence of a "democratic awareness" in China, which he believed marked the death knell of communist ideology among the masses.

Fang Lizhi: China Needs Democracy[1]

In China, 1989 is the year of the snake. Though it is not certain that this snake will present any great temptations, the following is at least to be ex-

[1] *Libération*, January 17, 1989; reprinted in Foreign Broadcast Information Service, *Daily Report: China*, January 27, 1989. (Hereafter, FBIS: *China*.) FBIS translations have been slightly adapted for use here.

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pected: The year will prompt the Chinese to examine their past more thoroughly and to take a more penetrating look at the present. The year will mark both the seventieth anniversary of the May 1919 movement (an intellectual and political movement of prime importance against a background of nationalism and Western cultural influence) and the fortieth anniversary of the founding of socialist China. These two anniversaries can serve as eloquent symbols of China's hope and despair.

These forty years of socialism have left the people in a state of dependence. In the 1950s, watchwords such as "only socialism can save China" or "there is no New China without the Communist party" were as readily accepted as laws of physics. Now a glance at the "New" China suggests that the naive sincerity of those years and the people's enthusiasm have been betrayed.

China's hope for the present lies in the fact that more and more people have abandoned blind faith in the government.

Of course the past forty years have not been entirely devoid of change or progress. However, the comparative criterion for measuring the failure or success of a society should be this: Has the distance between China and the world's most advanced societies increased or not? In light of this question, not only have the forty years of Maoist China been a failure but even the past ten "years of reform" have produced nothing to justify a chorus of praise. . . .

Logic leads to only one conclusion: that the disappointments of the past forty years must be attributed to the social system itself. This is why in China today the pursuit of modernization has replaced faith in ideology. Socialism, in its Lenin-Stalin-Mao version, has been entirely discredited. At the same time the May 4th movement slogan "science and democracy" is being reintroduced and is becoming a new source of hope for Chinese intellectuals.

The reforms of the past years, undertaken within the context of this ideological transition, have considerably changed China, which is no longer the China of the Maoist period. We must regard these changes as positive. The emphasis now being placed on the economy in domestic policy and on ending "the exporting of the revolution" in foreign policy are two important instances of progress. Having said that, the banning of the "wall of democracy" nine years ago created the depressing feeling that when it comes to political reforms the authorities do not intend to do much.

Although the Chinese constitution guarantees freedom of speech and other human rights, the Chinese government has hitherto not always adhered to the United Nations human rights charter. In current practice, even a basic right such as the right to knowledge that has little political impact is frequently

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held in contempt. There are cases—some very recent—of natural science courses being banned for political reasons.

Chinese education, which for years suffered the ravages of Mao's anti-intellectual and anti-cultural political principles, has left China with a population in which the proportion of illiterates is the same as forty years ago. . . .

These various problems have created a constant conflict under the surface of Chinese society. The 1986 student demonstrations openly demanding freedom and democracy only brought these conflicts to the surface. In their efforts to minimize the impact of these demonstrations, the authorities were forced to resort to two arguments: First, Chinese culture lacks a democratic tradition and therefore cannot tolerate a democratic system. Second, economic development does not necessarily require a democratic system. Indeed, a dictatorial system can be more efficient in this regard. What would suit China best is a dictatorial policy plus a free economy.

The brandishing of these arguments revives public awareness that what we have now is not a democracy but a dictatorship. If this is so, however, how can Marxism retain its place in China's orthodox ideology?

The first of these arguments could be called "the law of conservation of democracy." It implies that a society's "maximum level of democracy" can be fixed. If there is no democracy to start with there will be none subsequently either. Of course nobody has tried to prove this law because there are too many examples to the contrary. The argument cannot save the dictatorship in China but it can provide some comic relief.

The second argument does seem to be better corroborated by the facts. There really do seem to be some societies that have succeeded in combining political dictatorship with a free economy. However, there are also some examples of failure among them. It follows that the issue cannot be decided simply by listing precedents but must be treated specifically in China's own particular case. Can a free economy be compatible with the specifically Chinese form of dictatorial government? A glance at the China of 1988 proves that, broadly speaking, the answer is no . . . .

China's hope for the present lies in the fact that more and more people have abandoned blind faith in the government. They have realized that the only way to social progress depends on the public's adoption of a "supervisory" role. It should have the right to openly express criticisms of the authorities. The editor of a Canton journal recently wrote that his journal's role is to speak not on the Communist party's behalf but on behalf of an emergent Cantonese middle class. The old idea that "you must not oppose your superiors" is losing ground. Democratic awareness is making headway. Democracy is more than a slogan: It is exerting its own pressure. The aim of this pressure is to force the authorities, gradually and by nonviolent means, to accept changes in the direction of political democracy and a free economy.

Since the period of the May 4th movement, China's history (including the forty [*sic*] years since 1959) has proved this idea that democracy cannot be promulgated from above but that it is necessary to fight to gain it. We must

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not expect this to change in the decades ahead. However, it is precisely because democracy comes from below that, despite the many frustrations and disappointments of our present situation, I am still hopeful about the future.

Following the massacre of June 4, Fang sought and received refuge at the American Embassy in Peking.

In the next two documents, we can see what was not obvious at the time: The conservative political leaders of the Communist Party of China (CCP) took an extremely grim view of the pro-democracy movement, right from the start. Even at a time when the dissident students and the outside world remained hopeful, China's leaders were portraying the demonstrations as the beginning of a revolution. Deng also believed, contrary to the democratic activists, that most elements in society, especially the peasantry, were "stable" and not "dry wood" ready to be ignited. On April 25, Deng Xiaoping labeled the student movement as "turmoil" and a "planned conspiracy" to "create chaos under heaven." Interestingly, despite the obvious Western influence on the movement, Deng seemed to fear most the impact of other communist nations, particularly Poland and the USSR, where democratic reforms were moving ahead.

Deng Xiaoping: Their Aim is to Overthrow the Communist Party[2]

This is not an ordinary student movement. It is turmoil. [We] must take a clear stand, adopt effective measures, oppose and curb [this] turmoil, and not let them succeed in their aim. These persons have arisen to create turmoil after having been influenced and encouraged by liberalization elements (*ziyouhua fenzi*) in Yugoslavia, Poland, Hungary, and the Soviet Union. Their aim is to overthrow the leadership of the Communist party, and to destroy the future of the state and the nation. Measures and action should be executed swiftly, and no time should be lost. We must not be afraid of others cursing our mothers or of them saying our reputation will go down the drain, or of international reactions. There can only be true democracy when China has become fully developed and the four modernizations [of science and technology, agriculture, industry, and the army] have been achieved.

The four basic principles are absolutely necessary. . . .

One of the four principles concerns adherence to the people's democratic dictatorship. Use must be made of this means. Of course, [the people's democratic dictatorship] must be used in an appropriate fashion. Be careful so turmoil does not spread to the middle schools.[3] It is very important to keep the middle schools stable. They will incite the babies (*wawamen*) to make trouble. The workers are stable, although among them there are also

[2] Remarks delivered on April 25, 1989, reportedly at a long meeting with Li Peng following an emergency meeting of the CCP Politburo Standing Committee. The Chinese text (erroneously dated April 24) was published in New York, in *Huaqiao Ribao*, on June 7, 1989. The translator wishes to remain anonymous.

[3] In China, students in middle school are typically twelve to seventeen years old.

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some elements of instability. With the peasants there is no problem. But care must be taken to keep other aspects of society stable. This is something the Peking municipality must be told.

This turmoil is altogether a planned conspiracy. They want to change a China with a future into a hopeless China. The crucial point is their denial of the leadership of the party, and their denial of the socialist system.

Dialogue is permissible, but not the connivance at erroneous acts. Connivance will only bolster their arrogance. Bloodshed should be avoided to the utmost, but it may not be possible to avoid it entirely.

The Soviet Union's concessions to troublemakers did not solve the problem. When the trouble reached Moscow, they still had to arrest people (*zhua ren*). The Peking municipality's view is correct, i.e., that only when the Center has made its attitude clear will it be possible for them to act. This time, as soon as the turmoil began, it had a national character and the importance of this must not be underrated. A strong editorial should be published. Strive to get a grip on legislation. It is too bad that time was wasted in the past. They have exploited the powers mentioned in the constitution to fight us. Peking has promulgated ten points, and these we should use to keep them within bounds. We must be prepared for a nationwide struggle, and firmly suppress this internal disorder. Otherwise, the nation will not see peaceful days. Heaven will not see peaceful days. There will never ever again be a day of tranquility. I told Bush, if China — with so many people — were to permit demonstrations, how could there be stability? We would not be able to achieve anything.

What they are doing now is altogether the same stuff as what the rebels did during the Cultural Revolution. All they want is to create chaos under the heavens. . . .

Now sixty thousand persons are boycotting classes in Peking, while one hundred thousand are not. These one hundred thousand should be protected and supported. The majority of the sixty thousand can also be won over. The workers and the peasants support us, as do the cadres. The democratic parties are fine. We have millions of People's Liberation Army soldiers! The majority of those boycotting classes are under duress. They have organized illegal pickets. The role of the party's organization, and of the members of the party and youth league, should be brought into play. The discipline of the party and the youth league should be reaffirmed. Universities, middle schools, factories, and government organs should all hold party branch plenary sessions. As long as it is only the students making trouble there is no need to worry, but the trouble must not be permitted to spread to other sectors of society. The work of the public security organs must be strengthened, and normal public order should be maintained.

Comrade [Hu] Yaobang made mistakes, although now that he is dead we speak of his good sides. Some people make a big thing out of this, and say that if you praise him like this now, why in the first place [was he criticized]. We are not suggesting that he did not make mistakes. He did indeed do a lot

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of good things, such as support reform and opening up. But he was weak and yielding in his response to the ideological trend of liberalization. His economic ideas were not on the right track either. . . . Surely the scale of the memorial service was large enough. Someone pushed for having him referred to as a "great Marxist." None of us would make the grade for that. You should not use it for me either when I am dead.

Now the character has changed. In order to avoid even greater turmoil, [we] must act as if cutting a tangled skein of jute with a sharp knife. The more the Poles gave in, the greater the turmoil became. The opposition is very powerful in Poland, and there is the Solidarity Union. In China it is only the students that create trouble. It is very good that the members of the [CCP Politburo] Standing Committee share this same view, otherwise it would be difficult to take firm action and suppress this turmoil. This is a matter of bringing the political environment under control. This kind of struggle will occur again in the future. Over the past, we have not sufficiently emphasized the four basic principles and adherence to the people's democratic dictatorship. We cannot do without these things. Have they not come in handy now? They directed their opposition against the four basic principles, and grasped the crucial point. If it were not for the four basic principles, they would be able to run amok at will and act in a totally unbridled fashion.

[There should be] two groups: one for resolving the turmoil, and one for handling routine day-to-day work. We must not let everybody become bogged down. Action must not be slow. The slower you act, the greater the number of people you have to deal with.

The day after Deng's speech, Renmin Ribao *published a parallel editorial that became the authoritative assessment of the student movement. Claiming that the students had "fabricated rumors," "instigated the masses," and tried to "seize power," the newspaper drew on terminology from the days of the Cultural Revolution. Indeed, it sought to link the current student movement to China's times of turbulence, 1966-1976. The students are not democratic, argued the editorial in Orwellian fashion, but have actually "undermined democracy and the legal system."*

It Is Necessary To Take a Clear-Cut Stand Against Disturbances: *Renmin Ribao*[4]

In their activities to mourn the death of Comrade Hu Yaobang, Communists, workers, peasants, intellectuals, cadres, members of the People's Liberation Army, and young students have expressed their grief in various ways. They have also expressed their determination to turn grief into strength to make contributions in realizing the four modernizations and invigorating

[4] April 26, 1989; broadcast in advance on April 25 by Peking Radio, and printed in FBIS: *China*, April 25, 1989.

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the Chinese nation.

Some abnormal phenomena have also occurred during the mourning activities. Taking advantage of the situation, an extremely small number of people spread rumors, attacked party and state leaders by name, and instigated the masses to break into the Xinhuamen Gate to Zhongnanhai, where the party Central Committee and the State Council are located. Some people even shouted such reactionary slogans as "Down with the Communist party." In Xian and Changsha, there have been serious incidents in which some lawbreakers carried out beating, smashing, looting, and burning.

Taking into consideration the feelings of grief suffered by the masses, the party and government have adopted an attitude of tolerance and restraint toward some improper words uttered and actions carried out by the young students when they were emotionally agitated. On April 22, before the memorial meeting was held, some students had already shown up at Tiananmen Square, but they were not asked to leave, as they normally would have been. Instead, they were asked to observe discipline and join in the mourning for Comrade Hu Yaobang. The students on the square were themselves able to consciously maintain order.[5] Owing to the joint efforts by all concerned, it was possible for the memorial meeting to proceed in a solemn and respectful manner.

However, after the memorial meeting, an extremely small number of people with ulterior purposes continued to take advantage of the young students' feelings of grief for Comrade Hu Yaobang to spread all kinds of rumors to poison and confuse people's minds. Using both big- and small-character posters, they vilified, hurled invectives at, and attacked party and state leaders. Blatantly violating the constitution, they called for opposition to the leadership by the Communist party and the socialist system. In some of the institutions of higher learning, illegal organizations were formed to seize power from the student unions. In some cases, they even forcibly took over the broadcasting rooms on the campuses. In some institutions of higher learning, they instigated the students and teachers to go on strike and even went to the extent of forcibly preventing students from going to classes, usurped the name of the workers' organizations to distribute reactionary handbills and established ties everywhere in an attempt to create even more serious incidents.

These facts prove that what this extremely small number of people did was not to join in the activities to mourn Comrade Hu Yaobang or to advance the course of socialist democracy in China. Neither were they out to give vent to their grievances. Flaunting the banner of democracy, they undermined democracy and the legal system. Their purpose was to sow dissension among the people, plunge the whole country into chaos, and sabotage the political situation of stability and unity. This is a planned conspiracy and a disturbance.

[5] The radio report of the editorial omitted this sentence.

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Its essence is to negate, once and for all, the leadership of the CCP and the socialist system. This is a serious political struggle confronting the whole party and the people of all nationalities throughout the country.

If we tolerate and connive at this disturbance and let it go unchecked, a seriously chaotic state will appear. . . .

The whole party and the entire nation should fully understand the seriousness of this struggle, unite to take a clear-cut stand to oppose the disturbance, and firmly preserve the hard-earned situation of political stability and unity, the constitution, socialist democracy, and the legal system. Under no circumstances should the establishment of any illegal organizations be allowed. It is imperative to stop firmly any acts that use any excuse to infringe upon the rights and interests of legitimate organizations of students. Those who have deliberately fabricated rumors and framed others should be investigated to determine their liabilities according to law. Bans should be placed on unlawful parades and demonstrations and on such acts as going to factories, rural areas, and schools to establish ties. Beating, smashing, looting, and burning should be punished according to law. It is necessary to protect the just rights of students to study in class. The broad masses of students sincerely hope that corruption will be eliminated and democracy will be promoted. These, too, are demands of the party and the government. These demands can only be realized by strengthening the efforts for improvement and rectification, vigorously pushing forward reform, and making perfect our socialist democracy and our legal system under the party leadership.

All comrades in the party, and the people throughout the country, must soberly recognize the fact that our country will have no peaceful days if this disturbance is not checked resolutely. This struggle concerns the success or failure of the reform and opening up, the program of the four modernizations, and the future of our state and nation. Party organizations of the CCP at all levels, the broad masses of members of the Communist Youth League, all democratic parties and patriotic democratic personages, and the people around the country should make a clear distinction between right and wrong, take positive action, and struggle to stop the disturbance firmly and quickly.

On April 27, some 150,000 students surged past police lines, and, along with 500,000 workers and Peking citizens, filled Tiananmen Square, chanting slogans of democracy and protesting the Renmin Ribao *editorial. The students specifically demanded that government officials meet with representatives of the independent student movement to discuss their grievances. On April 29, two mid-level government officials (State Council spokesman Yuan Mu, and Vice Minister of the State Education Commission He Dongchang) met with representatives of official student groups, but only one representative of the independent groups (Wuer Kaixi) was allowed to participate. The students considered this inadequate, and Wuer Kaixi walked out of the meeting before it was over. A few days later, the elected student representatives presented officials with a petition describing their terms for a public discussion.*

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Petition of University Students in Peking[6]

To: The PRC NPC Standing Committee, the PRC State Council, and the CCP Central Committee.[7]

The government aired its desire to open a dialogue with the students after the April 27 demonstration. We wholeheartedly welcome this desire expressed by the government. Looking forward to an early opening of substantive dialogue, we, as representatives elected by the students and on behalf of the vast number of college students in Peking, hereby put forth the following conditions regarding the said dialogue to the government and the CCP Central Committee:

1. The dialogue should be opened on the basis of full equality between the two parties and the sincerity shown by both parties to seek a solution to the issue. Each side should have an equal opportunity to air its views and make inquiries in the dialogue.

2. All the student representatives to participate in the dialogue should be elected and thus recognized by the majority of college students (especially those who have joined this current April patriotic democratic movement). In the meantime, we absolutely disapprove any appointment of student representatives by student unions and postgraduate student unions of individual colleges and universities because, we reckon, those unions have played no part in giving correct guidance and made no contributions to the organization of the current movement. Therefore, we will give no recognition to any student representatives unilaterally appointed by the government without the consent of the vast number of students. . . .

4. The government personages participating in the dialogues should be at and above the positions of a CCP Central Committee Politburo Standing Committee member, a vice chairman of the NPC Standing Committee, and a State Council vice premier, who have an understanding of various state affairs and the right to make decisions.

5. Both sides participating in the dialogue must be allowed to invite non-governmental personalities or representatives of people's organizations to sit in the gallery; neither side should refuse or stop their attendance on whatever grounds. The representatives invited do not have the right to speak in the progress of the dialogues, but they should have the right to air their views on the essence of the dialogue afterward.

6. The spokesmen of both sides must enjoy equal rights in their opportunities to give speeches. The time of each speech of the spokesmen of either

[6] Xinhua Hong Kong Service, May 3, 1989; FBIS: *China*, May 3, 1989.

[7] The National People's Congress, with about 3,500 members serving five-year terms, is theoretically "the highest organ of state power." Its Standing Committee assumes the NPC's duties when the Congress is not in session, but the State Council directs the government. As in other communist states, however, real power in China lies with the Communist party (CCP), with the National Party Congress as the party's highest organ. The Party Congress appoints a Central Committee of nearly nearly three hundred full and alternate members. It also names a Politburo of about twenty full and alternate members, including a powerful six-member Standing Committee of the Politburo.

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side should be limited: A query should be restricted to three minutes and the answer should be limited to between ten and fifteen minutes. There should be no limit to the number of queries in the course of questions and answers.

7. Chinese and foreign reporters should be allowed to cover the dialogues when and where they are held; at the same time, the Central Television and Radio Broadcasting Stations should transmit the whole process of the dialogues. Both sides have the right to make video and audio recordings and to keep written records on the progress of the dialogues. No organizations or individuals should interfere with or impede such proceedings under whatever pretext. . . .

9. Government personalities participating in the dialogues should answer students' questions as promptly as possible, or promptly resolve those questions that can be answered and resolved as quickly as possible after the meeting. . . .

11. The personal and political safety of representatives of both sides must be guaranteed.

12. The results of each dialogue round should be accurately reported by the major national newspapers and radio stations; in addition a relevant announcement of the time and site of the next round should be made known to the public.

We make the following statement on the aforementioned demands:

1. We expect a reply to the aforementioned demands not later than 1200 on May 3 to ensure the holding of dialogues as soon as possible. We hope that while making a concrete reply to every concrete demand, detailed reasons will be made in a written document.

2. We will reserve our right to stage a demonstration again on May 4 in case we do not receive a reply before 1200 on May 3. . . .

This petition was rejected by the government.

As Fang Lizhi had predicted back in January, the seventieth anniversary of the May 4th movement proved dramatic. Sixty thousand students, joined by 250,000 Peking citizens, marched in Tiananmen Square, and similar demonstrations were held in other Chinese cities. A growing number of citizens demanding reform made the pro-democracy forces seem invincible. Ultimately, more than three million people took to the streets of Peking and countless numbers in other cities. But however ardently the desire for freedom was felt in China during the spring of 1989, particularly among university students, the students never developed a well-organized political machine. And, perhaps as a result, their political demands were sometimes unrealistic and lacking in specificity.

Meanwhile, the general secretary of the Chinese Communist party, Zhao Ziyang, was addressing a meeting of the Asian Development Bank. Taking a line quite different from Deng Xiaoping and Renmin Ribao, *he described the students' demands as "reasonable," and said he did not see the demonstrations as a threat to political stability. The students were not challenging the system, he declared, but simply wanted to improve it. Whereas Deng saw confronta-*

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tion and the possibility of bloodshed, Zhao called for constructive dialogue with the demonstrators, handled by "legal and democratic means."

Students' Reasonable Demands To Be Met Through Democratic, Legal Channels: Zhao[8]

There will be no big riots in China and the ongoing student demonstrations will gradually calm down, said Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, here [in Peking] today.

Reasonable demands from the students should be met through democratic and legal means, through reforms and through various other means in line with reason and order, the general secretary said. But what are needed most at present are calm, reason, restraint, and order.

At a meeting with some governors of the Asian Development Bank (ADB) now attending the 22nd annual meeting of the board of governors in Peking, the general secretary said that the recent demonstrations by some university students did not indicate political instability in China. And the demonstrators meant in no way to oppose the fundamental system of China, but to correct the errors in the work of the party and the government. . . .

The students are satisfied with the achievements of China's ten-year reform and economic construction, and with the progress and development of the country. What they are most dissatisfied with are errors and mistakes in the party and the government's work. However, Zhao said the students' demands for correcting errors so as to march forward coincide with those of the party and government.

"It is inevitable that some people want to take advantage of the students' demonstrations for their ulterior motives, as China is so large. And it would be unimaginable not to have such a tiny number of people doing so," Zhao said. However, he added, vigilance is needed to guard against this minority, and "I think the overwhelming majority of the students will be aware of this."

"Though demonstrations are still under way in Peking and other big cities in the country, I still believe there will be no big riots and the demonstrations will gradually calm down," he said. "I'm very confident about this."

The reasons why students are dissatisfied with the amount of corruption, which the party and the government have been tackling over the past few years, stem from imperfections in the socialist legal system and democratic supervision, and lack of openness in the system of work, which gives rise to rumors and exaggerations. There does exist the phenomenon that some people seek privileges and violate laws and discipline, he admitted, but the number is not as large as people say and the cases are not as serious as hearsay has it.

As a matter of fact, most of the officials working at party and government institutions have no other income except their monthly salaries, Zhao said.

[8]Xinhua report, May 4, 1989; FBIS: *China*, May 4, 1989.

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Neither have they legitimate [*sic*] privileges.

Corruption will definitely be eventually wiped out, but this has to keep pace with the improvement of the legal system and democratic supervision, and the implementation of other reform measures. In this way, the crackdown on corruption is linked to the building up of the country's legal system.

The issue of student demonstrations should also be handled through legal and democratic means in an orderly and reasonable atmosphere, Zhao said.

In order to exchange views, promote mutual understanding, and explore settlement of issues of public concern, the general secretary urged that extensive consultations and dialogues be pursued with students, workers, intellectuals, non-communist parties, and leading personages from all walks of life.

Sober-mindedness, reason, restraint, order, and devotion to democracy and legality are most essential for resolving the problems, he stressed. The party and government are ready to take such measures, and "I believe students and people of various walks of life will take the same attitude," he said.

"If we all do things this way, we can surely maintain stability and thus enjoy unity at a new and higher level," the general secretary explained.

Based on such stability and unity, the country's political and economic restructuring and the modernization drive will advance more smoothly, Zhao said.

While showing optimism about the future of China's reform and political stability, Zhao promised a better environment for foreign investment.

By mid-May, the pro-democracy movement seemed to be dissipating. On the one hand, the government had refused any direct dialogue with the independent student organizations. On the other hand, Zhao's conciliatory remarks suggested the government might paternalistically take student grievances into account, even if it would not hear them from democratically elected student representatives. It was a critical juncture for those who believed in democracy.

To regain the momentum, 200 Peking students announced on May 12 that they would begin a hunger strike the next day in Tiananmen Square. Proclaiming their patriotism and sense of responsibility — "who will act if we don't?" — they bade "farewell to life" and appealed for support from average Chinese citizens and world opinion by citing such problems as inflation and officials' abuse of power. The willingness of these young people to risk death had a dramatic impact. It rejuvenated the movement and renewed pressure on the government to accept the students' demand for a dialogue. From that day on, the movement started by students became a people's movement for a more democratic China, as millions of Chinese citizens, students and non-students, in Peking and elsewhere, joined the cause.

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Hunger Strike Announcement,[9] May 12, 1989

In this bright sunny month of May, we are on a hunger strike. In this best moment of our youth, we have no choice but to leave behind us everything beautiful about life. But how reluctant, how unwilling we are!

However, the country has come to this juncture: rampant inflation, the widespread illegal business dealings by corrupt officials; the dominance of abusive power; the corruption of bureaucrats; the fleeing of a large number of good people to other countries; and the deterioration of law and order. Compatriots and all fellow countrymen with a conscience, at this critical moment in the life and death of our people, please listen to our voice:

This country is our country,
The people are our people.
The government is our government.
Who will shout if we don't!
Who will act if we don't!

Although our shoulders are still tender, although death for us is still seemingly too harsh to bear, we have to part with life. When history demands us to do so, we have no choice but to die.

Our national sentiment at its purest and our loyalty at its best are labeled as "chaotic disturbances"; as "with an ulterior motive"; and as "manipulated by a small gang."

We request all honorable Chinese — every worker, peasant, soldier, ordinary citizen, intellectual; plus prominent individuals, government officials, police, and those who fabricated our crimes — to put their hand over their hearts and examine their conscience: what crime have we committed? Are we creating chaotic disturbances? We walk out of classrooms, we march, we hunger strike, we hide. Yet our feelings are betrayed time after time. We bear the suffering of hunger to pursue the truth, and all we get is the beatings of the police. When we kneel down to beg for democracy, we are being ignored. Our request for dialogue on equal terms is met with delay after delay. Our student leaders encounter personal dangers.

What do we do?

Democracy is the most noble meaning of life; freedom is the basic human right. But the price of democracy and freedom is our life. Can the Chinese people be proud of this?

We have no other alternative but to hunger strike. We have to strike.

It is with the spirit of death that we fight for life.

But we are still children, we are still children! Mother China, please take a hard look at your children. Hunger is ruthlessly destroying their youth. Are you really not touched when death is approaching them?

We do not want to die. In fact, we wish to continue to live comfortably because we are in the prime years of our life. We do not wish to die; we want

[9] This document is an anonymous translation of a pamphlet distributed in Tiananmen Square.

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to be able to study properly. Our homeland is so poor. It seems irresponsible of us to desert our homeland to die. Death is definitely not our pursuit. But if the death of a single person or a number of persons would enable larger numbers of people to live better, or if the death can make our homeland stronger and more prosperous, then we have no right to drag on an ignoble existence.

When we are suffering from hunger, moms and dads, please don't be sad. When we bid farewell to life, uncles and aunts, please don't be heartbroken. Our only hope is that the Chinese people will live better. We have only one request: please don't forget that we are definitely not after death. Democracy is not the private matter of a few individuals, and the enterprise of building democracy is definitely not to be accomplished in a single generation.

It is through death that we await a far-reaching and perpetual echo by others.

When a person is about to die, he speaks from his heart. When a horse is about to die, its cries are sad.

Farewell comrades, take care, the same loyalty and faith bind the living and the dead.

Farewell loved ones, take care. I don't want to leave you, but I have to part with life.

Farewell moms and dads, please forgive us. Your children cannot have loyalty to our country and filial piety to you at the same time.

Farewell fellow countrymen, please permit us to repay our country in the only way left to us. The pledge that is delivered by death will one day clear the sky of our republic.

The reasons for our hunger strike are: first, to protest the cold and apathetic attitude of our government towards the students' strike; second, to protest the procrastination of our higher learning; and third, to protest the government's continuous distortions in a series of reports on this patriotic and democratic movement of students, and their labeling it as a "chaotic disturbance."

The demands from the hunger strikers are: first, on an equal basis, the government should immediately conduct concrete and substantial dialogues with the delegation of Peking institutions of higher learning. Second, the government should give this movement a correct name, a fair and unbiased assessment, and should affirm that this is a patriotic and democratic students movement.

The date for the hunger strike is 2:00 p.m., May 13; location, Tiananmen Square.

This is not a chaotic disturbance. Its name should be immediately rectified. Immediate dialogue! No more delays! Hunger strike for the people! We have no choice. We appeal to world opinion to support us. We appeal to all democratic forces to support us.

Although Li Peng capitulated to one student demand and held a televised

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meeting with independent student leaders on May 18, it was a failure. Li's tone was harsh and reproving. Zhao Ziyang had lost the argument. Just after midnight on May 19-20, in what has come to be called "the martial law speech," Li called on the army to end the demonstrations. He painted a picture of "chaos" — this despite the demonstrators' total avoidance of violence — to justify the crackdown.

Li Peng Delivers Important Speech on Behalf of Party Central Committee and State Council[10]

Comrades, in accordance with a decision made by the Standing Committee of the CCP Central Committee, the party Central Committee and the State Council have convened a meeting here of cadres from party, government, and army organs at the central and Peking municipal levels, calling on everyone to mobilize in emergency and to adopt resolute and effective measures to curb turmoil in a clear-cut manner, to restore normal order in society, and to maintain stability and unity in order to ensure the triumphant implementation of our reform and open policy and the program of socialist modernization. [applause]

The briefing by Comrade Li Ximing, secretary of the Peking Municipal CCP committee, a little while ago indicated that the current situation in the capital is quite grim. The anarchic state is going from bad to worse. Law and discipline have been undermined. Prior to the beginning of May, the situation had begun to cool down as a result of great efforts. However, the situation has become more turbulent since the beginning of May. More and more students and other people have been involved in demonstrations. Many institutions of higher learning have come to a standstill. Traffic jams have taken place everywhere. The party and government leading organs have been affected, and public security has been rapidly deteriorating. All this has seriously disturbed and undermined the normal order of production, work, study, and everyday life of the people in the whole municipality. Some activities on the agenda for state affairs of the Sino-Soviet summit that attracted worldwide attention had to be canceled, greatly damaging China's international image and prestige.

The activities of some of the students on hunger strike at Tiananmen Square have not yet been stopped completely. Their health is seriously deteriorating and some of their lives are in imminent danger. In fact, a handful of persons are using the hunger strikers as hostages to coerce and force the party and government to yield to their political demands. In this regard, they have no iota of humanism. [applause]. . .

The situation in Peking is still developing, and has already affected many other cities in the country. In many places, the number of demonstrators and

[10] Caption of video report on Peking Television, May 19, 1989; FBIS: *China*, May 22, 1989.

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protesters is increasing. In some places, there have been many incidents of people breaking into local party and government organs, along with beating, smashing, looting, burnings, and other undermining activities that seriously violated the law. Some trains running on major railway lines have even been intercepted, causing communications to stop. Something has happened to our trunk line, the Peking-Canton line. Today, a train from Fuzhou was intercepted. The train was unable to move out for several hours.

All these incidents demonstrate that we will have nationwide major turmoil if no quick action is taken to turn and stabilize the situation. Our nation's reforms and opening to the outside world; the cause of the four modernizations; and even the fate and future of the People's Republic of China, built by many revolutionary martyrs with their blood; are facing serious threat. [applause]. . . .

At present, it has become more and more clear that the very, very few [*ji shao shu ji shao shu*] people who attempt to create turmoil want to achieve, under the conditions of turmoil, precisely their political goals, which they could not achieve through normal democratic and legal channels: to negate the CCP leadership and to negate the socialist system. They openly promoted the slogan of negating the opposition to bourgeois liberalism. Their goal is to gain absolute freedom to oppose unscrupulously the four cardinal principles. . . .

For almost a month, we adopted an extremely tolerant and restrained attitude in handling the student unrest. No government in the world would be so tolerant. The reason that we were so tolerant was out of our loving care for the masses of youths and students. We regard them as our own children and the future of China. We do not want to hurt good people, particularly not the young students. However, the handful of behind-the-scenes people, who were plotting and inciting the turmoil, miscalculated and took the tolerance as weakness on the part of the party and government. . . .

Moreover, dialogue will continue in an active way through various channels, in different forms, and at different levels between the party and the government on one hand and the students and people from other walks of life on the other, including dialogue with those students who have taken part in parades, demonstrations, class boycotts, and hunger strikes, in order to take full heed of opinions from all segments. We will not only give clear-cut answers to the reasonable demands raised by them, but will also pay close attention to and earnestly accept their reasonable criticisms and suggestions, such as punishing profiteering officials, getting rid of corruption, and overcoming bureaucratism, as well as promoting democracy, developing education, and so forth, so as to earnestly improve the work of the party and the government. . . .

Now, to check the turmoil with a firm hand and quickly restore order, I urgently appeal on behalf of the party Central Committee and the State Council: First, to those students now on hunger strike at Tiananmen Square to end the fasting immediately, leave the square, receive medical treatment,

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and recover their health as soon as possible; second, to the masses of students and people in all walks of life to stop immediately all parades and demonstrations, and give no more so-called support to the fasting students in the interest of humanitarianism. Whatever the intent — I will not say that their intent is ill — further support will push the fasting students to desperation. [applause]

Comrades, on behalf of the party Central Committee and the State Council, I now, at this meeting, call on the the whole party, the entire army, and people of all nationalities throughout the country to unite, to pull together, and to act immediately at all their posts in an effort to stop the turmoil and stabilize the situation. Party organizations at all levels must unite the broad masses, must carry out thorough and painstaking ideological and educational work, and must fully play the role of core leadership and fighting fortress in stabilizing the situation. All Communist party members must strictly abide by party discipline; they should not only stay away from any activities harmful to stability and unity, but they should also provide an exemplary vanguard role in uniting the masses and curbing the turmoil. . . .

Comrades, our party is a party in power and our government is a people's government. To be responsible to our sacred motherland and to all people, we must adopt firm and resolute measures to end the turmoil swiftly, to maintain the leadership of the party as well as the socialist system. We believe that our actions will surely have the support of all members of the Communist party and the Communist Youth League, as well as workers, peasants, intellectuals, democratic parties, people in various circles, and the broad masses. [applause] We believe that we will certainly have the backing of the People's Liberation Army [PLA], which is entrusted by the Constitution with the glorious task of safeguarding the country and the peaceful work of the people. [applause] At the same time, we also hope that the broad masses will fully support the PLA, the public security cadres, and the police in their efforts to maintain order in the capital. [applause]. . .

The crisis that Zhao tried to avoid was now at hand. Many of the students in Tiananmen Square wrote their wills.

To the amazement of China, and indeed the world, Li's initial call to the army was thwarted by the Chinese people, and perhaps by the reluctance of some military commanders. More than a million people poured into the streets of Peking, blocking the movement of troops toward Tiananmen Square, and pleading with "the people's army" not to attack the people.

In this setting, it seemed possible that a nationwide revulsion might set in against Li Peng and in favor of more moderate leaders. At any rate, an adviser to Zhao Ziyang, Yan Jiaqi, advocated such a change, one week after martial law was declared. In a phrase reminiscent of the Declaration of Independence, Yan asserted that "the people have the power to overthrow the government which they no longer trust." As a Communist party member, Yan was probably not advocating overthrow of the entire system, but he did call on its top leaders to adhere to the constitutional prescriptions they had formulated, such as the right of China's nominal parliament — the National

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People's Congress — to call for Premier Li Peng's resignation and to abrogate martial law.

Yan Jiaqi and Bao Zunxin: Solve the Current Problems in China Along the Track of Democracy and Legal System[11]

The student movement currently happening in China has developed into a nationwide all-people protest movement. This is an epoch-making major event in modern China, and its irresistible force has greatly promoted the democratic process in China. The student movement has announced to the whole country the basic principle of democratic politics, namely, all the power of the country belongs to the people. The power of the ruling party which organizes the government and the government itself is not inherent, but comes from the people. The people have the power to overthrow the government which is not trusted by the people. The student movement has issued to the whole country the slogan "Down with Li Peng!" For a long period of time in the past, propaganda machines in our country regarded the criticism of the party and government leaders as "attacking the party and government leadership." The student movement has completely discarded such an outmoded idea, so that Li Peng and others cannot invent any excuse to prohibit people from condemning the perverse acts of the government. If a head of the government, who has been discarded by the people, refuses to resign of his own accord, people can dismiss him through the stipulations contained in the Constitution. . .

The current problem is that we must take the first step. We must hold an urgent meeting of the NPC [National People's Congress] Standing Committee to make decisions on the following two issues:

1) Abrogating the "State Council's Order on Imposing Martial Law in Some Areas of the Peking Municipality";

2) Holding an urgent session of the NPC in the near future.

The order issued by the State Council on imposing martial law in some areas of the Peking Municipality has been executed for five days. During the past five days, "social order in Peking has been the same as usual, and the life of the residents has been roughly the same," "in the areas designated by the municipal government where the martial law is imposed, no unusual situation different from the previous one has occurred," and "social order in Peking is continuing to develop toward the direction of stability." However, (unlike what *Renmin Ribao* has described above), after the proclamation of the mar-

[11] *Ming Pao*, May 26, 1989; FBIS: *China*, May 26, 1989. Yan Jiaqi was a research fellow, Institute of Political Science, Chinese Academy of Social Sciences (CASS), Peking, and adviser to Zhao Ziyang. He is currently living in exile in France. Bao Zunxin was research professor, Institute of History, CASS, and also an adviser to Zhao. He is reportedly under arrest.

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tial law order, students and residents are extremely worried about the present situation. To block the troops that are advancing toward the city, Peking residents set up roadblocks at crossings of all roads leading toward the suburbs. Facts over the past five days have fully proved that it is unnecessary for the State Council to proclaim the martial law order. Furthermore, due to the resolute resistance of students and residents, and the common views shared by soldiers, students, and residents, it has been impossible to execute the martial law order.

According to Article 29 of the constitution, our country's armed forces belong to the people. They can be used only when the state is facing a foreign invasion, or serious armed riot has occurred in our country. Now Peking municipality is not invaded by foreign armed forces, and no armed riot has occurred either. Sending troops to the municipality to undertake the "task of martial law" is an act that violates the constitution. Therefore, we strongly urge the NPC Standing Committee to hold an emergency meeting immediately to abrogate the martial law order. . . .

On May 20, Li Peng, as the Prime Minister of the State Council, issued the martial law order to be executed in some areas in Peking to deal with students who were holding a peaceful petition, and those unarmed residents. This has enraged residents of the whole Peking Municipality and people throughout the country. This has also been condemned by the public opinions of the whole country and the whole world. Li Peng has used the troops to deal with the unarmed students and residents. This is an act seriously violating the Constitution.

Democratic politics is responsible politics. Article 61 of the Constitution stipulates: "A session of the NPC may be convened at any time the standing committee deems this necessary, or when more than one-fifth of the deputies to the NPC so propose." We strongly demand that the NPC session be held as early as possible to examine the acts of Li Peng in April and May this year, which have betrayed and opposed the people, and to dismiss him from his post of prime minister. . . .

At present, the NPC Standing Committee meeting has not been held, and the martial law order has not been abrogated. The power is still in the hands of Li Peng. When Chairman [of the NPC Standing Committee] Wan Li issues an appeal to solve the current problems in China along the track of democracy and the legal system, Li Peng and others might resort to violence to suppress the people. If the NPC Standing Committee meeting and the NPC session cannot be held, and if massive bloodshed occurs because of the suppression, Li Peng will further commit unpardonable crimes in addition to his previous two mistakes. This will bring Li Peng as the prime minister to trial in accordance with the law. We wish to offer a piece of advice to Li Peng: your wisest choice is to resign of your own accord to reduce the catastrophe brought to the country and the people.

On June 3 - 4, elements of the People's Liberation Army moved into Tiananmen Square, using tanks, armored personnel carriers, and machine

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guns. For the next several days, the leadership of China remained in seclusion. On June 9, Deng Xiaoping reappeared on Chinese television, and gave his response to the events. The movement was inevitable, he declared, and foreign influence was great, but fortunately "senior comrades" — elder leaders who evidently okayed the crackdown — had defended the regime. Deng praised the army and a "core of cadres," but conspicuously refrained from congratulating the entire party, virtually admitting that many Communist party members had supported the students' movement. Reform and the open-door policies would continue, he promised, but the students and masses would get a big dose of political "education."

Deng Xiaoping's June 9 Speech[12]

I would like to take this opportunity to say a few words.

This storm was bound to come sooner or later. This is determined by the major international climate and China's own minor climate.

It was bound to happen, and it could not be changed by the wishes of the people. It was just a matter of time and scale. We are fortunate that it has come about now, mainly because we have a large group of senior comrades who are still alive. They have experienced many storms and they know the causes and effects of things. . . .

We still have a group of senior comrades who are alive; we still have the army; and we also have a group of core cadres who took part in the revolution at various times. That is why it is relatively easy for us to handle [the rebellion] now that it has come about. . . .

Some comrades don't understand the situation. They think it is simply a question of how to treat the masses. In actual fact, what we face is not just a question of ordinary people who are misguided; we also face a rebellious clique and a large quantity of the residues of society. The heart of the matter is that they want to topple our country and overthrow our party. Failing to understand this means failing to understand the nature [of the rebellion]. I believe that after serious work, we can win the support of the great majority of comrades within the party concerning the nature [of the rebellion] and its handling.

Now that this thing has erupted, its nature has become very clear. They [counter-revolutionary rebels] have two main slogans: to topple the Chinese Communist party and to overthrow the socialist order. Their goal is to establish a totally Westernized bourgeois republic. Of course, we accept that the people want to combat corruption. We are even prepared to listen when

[12] Address delivered in Peking, June 9, 1989; printed in *South China Morning Post*, June 20, 1989; reprinted in FBIS: *China*, June 20, 1989. *South China Morning Post* described its text as an "unofficial translation" of "a document containing the speech delivered by Deng Xiaoping on June 9 at the martial law headquarters." It said that it had obtained a copy of the document "from Peking."

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people with ulterior motives use slogans about fighting corruption. Of course, these slogans are just a front: Their real aim is to topple the CCP and overthrow the socialist order.

In the course of quelling this rebellion, many comrades were injured or even sacrificed their lives. Their weapons were also taken from them. Why? Because bad people mingled with the good, which made it difficult to deal with the troublemakers. . . .

Even though the loss is considerable, this has enabled us to win over the people, so that people who cannot tell right from wrong can change their viewpoint. They can see for themselves what kind of people are the PLA, whether there was bloodshed at Tiananmen, and who were the people who shed blood. . . .

It is worth focusing on the outbreak of rebellion. It prompts us coolheadedly to consider the past and the future. Perhaps this bad thing will enable us to go ahead with reform and the open-door policy with a more steady and better—even a faster—pace. It enables us more speedily to correct our mistakes, and better to develop our strong points. Today, I cannot elaborate. I only want to raise a point. . . .

The crux of the current incident is basically the confrontation between the four cardinal principles and bourgeois liberalization. It is not that we have not talked about such things as the four cardinal principles, work on political concepts, opposition to bourgeois liberalization and opposition to spiritual pollution. What we have not done is [maintain] continuity in these talks — there has been no action and sometimes even hardly any talk.

What is wrong does not lie in the four cardinal principles themselves, but in wavering in upholding these principles, and in the very poor work in persisting with political work and education. . . .

I (once) told foreigners that our worst omission of the past ten years was in education. What I meant was political education, and this does not apply to schools and students alone, but to the masses as a whole. And we have not said much about plain living and enterprising spirit, about what a country China is and how it is going to turn out. This is our biggest omission.

Is there anything wrong in the basic concept of reforms and openness? No. Without reforms and openness, how could we have what we have today? . . .

The problems we face in implementing reforms are far greater than those we encounter in opening our country. In political reforms we can affirm one point: We have to insist on implementing the system of the National People's Congress and not the American system of the separation of three powers. America has criticized us for suppressing students. In the 1950s, the [American] government sent an airborne unit to occupy a school where disturbances broke out. In the 1960s and 1970s, there were many student movements and turmoils in the United States. Did they have any other recourse but to mobilize police and troops, arrest people and shed blood? They were suppressing students and the people, but we are quelling counter-revolution-

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ary riots. What qualification do they have to criticize us! From now on, however, we should pay attention to such problems. We should never allow them to spread.

What do we do from now on? I would say that we should continue, persist in implementing our planned basic line, direction, and policy. Except where there is a need to alter a word or phrase here or there, there should be no change to the basic line and basic policy. Now that I have raised this question, I would like you all to consider it thoroughly. . . .

We should conscientiously sum up our experiences, persevere with what is correct, correct what is wrong, and do a bit more where we have lagged behind. . . .

Since early June, thousands of participants in the pro-democracy movement have been arrested, tortured, or executed. Western books have been ordered removed from stores, the newspapers — lively during May — now parrot the government line, while college students will be forced to take a new course this fall on The History of American Imperialist Aggression Against China. *With Yan Jiaqi in exile, Zhao Ziyang under house arrest, and student leaders either dead, imprisoned, or forced to live abroad, the pro-democracy movement has been publicly silenced, for the moment.*

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DO LEBANESE SHI'IS HATE THE WEST?

by Hilal Khashan

On October 23, 1983, a suicidal Lebanese Shi'i militant drove his truckload of TNT past unarmed Marine guards and into the barracks of the U.S. Marine peace-keeping contingent in Beirut, killing 241 servicemen. On the same day, another Lebanese Shi'i, bent on suicide, leveled French military headquarters in Beirut, killing 58 French soldiers. These incidents focused the West's attention on the phenomenon of Shi'i terrorism, an attention that has been maintained in the years since, as dozens of Western nationals have been seized and held hostage by shadowy Shi'i organizations operating in Lebanon.

What lies behind such actions? Is it the terrorists' Shi'ism? In an effort to establish whether the Western view of Lebanese Shi'is as profoundly anti-Western is correct, and also to see if anti-Western views result from the religiosity of Shi'is, a survey of Lebanese Shi'i college students was conducted between March and June 1987. The students comprised a random sampling of 400 male and female Shi'i Muslims enrolled at the Lebanese (State) University. Obviously, such a survey cannot attempt to account for the views of the entire Shi'i community, but it does examine the Shi'i community's most articulate and opinionated group.

Four working hypotheses underlay the survey: Shi'i college students are highly religious; their religiosity is directly related to membership in fundamentalist Islamic organizations; membership in fundamentalist organizations correlates with strong anti-Western perceptions; students who perceive the West negatively approve of anti-Western terrorist activities.

The Findings

The survey does not sustain the hypothesis that Shi'i college students are highly religious. The fact that only 24 percent of students surveyed were highly religious probably has to do with the sudden urbanization of the Shi'i in Lebanon, which has worked against the maintenance of deep religious commitments and beliefs. Further, the need to cope with fragmented living patterns in a city at war may have led the students to think in more temporal terms.

By contrast, the data do confirm that religiosity among Shi'i college students is directly related to membership in fundamentalist organizations. The overwhelming majority of highly religious students were members of Hizbullah, the group espousing the radical goals of the regime in Tehran. Interest-

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TABLE 1
RELIGIOSITY
(by sex)

Frequency of Praying

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Frequently	69	25	40	32	109	27
Infrequently	86	32	53	42	139	35
Hardly ever	118	43	34	27	152	38
TOTAL	273		127		400	

Frequency of Fasting during Ramadan

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Regularly	76	28	42	33	118	30
Infrequently	88	32	56	44	144	36
Hardly ever	109	40	29	23	138	35
TOTAL	273		127		400	

Frequency of reading the Qur'an

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Regularly	68	25	42	33	110	28
Occasionally	81	30	57	45	138	35
Hardly ever	124	45	28	22	152	38
TOTAL	273		127		400	

Combined religiosity scale

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
High	60	22	36	28	96	24
Medium	103	38	53	42	156	39
Low	110	40	38	30	148	37
TOTAL	273		127		400	

NOTE: In all tables, percentage figures have been rounded to the nearest whole number; therefore, the sum of each percentage column may not equal 100.

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TABLE 2
PARTY AFFILIATION
(by sex)

Question: In which party are you a member?

	Men		Women		Total	
Party	Number	Percent	Number	Percent	Number	Percent
Amal	86	32	9	7	95	24
Hizbullah	58	21	37	29	95	24
Communist	34	12	16	13	50	13
SSNP	23	8	10	8	33	8
None	72	26	55	43	127	32
TOTAL	273		127		400	

NOTE: SSNP signifies Syrian Social Nationalist Party.

ingly, these highly devout students perform better academically than their less religious classmates. The predilection for achievement and seriousness among such students may partially explain their preference for an extremist religious organization with clear-cut political and social objectives. Lebanon's weak secular organizations cannot offer highly motivated students anything as dynamic as Muslim fundamentalism.

Most important, however, the suggestion that membership in fundamentalist organizations is likely to manifest itself in strong anti-Western perceptions was not borne out by the survey. On the contrary, the most fervent anti-Western feelings were expressed by members of the Lebanese Communist party and the Syrian Social Nationalist party (SSNP), a quasi-fascistic group that seeks to include Lebanon in a Greater Syria. The emphasis of these parties on Western "imperialism" has encouraged anti-Westernism among their adherents.

The lack of anti-Westernism among Shi'is may have to do with the Shi'is' traditional non-involvement in world politics. Shi'i fundamentalism — in sharp contrast with its Sunni counterpart — is engrossed in intra-Islamic debates over thorny religious issues, particularly the question of who should preside over the Muslim community. The historical roots of this debate are deep: Shi'is hold that the leader of the Islamic community must come from among the descendants of the Prophet Muhammad's family. The Sunnis do not share this view, and it is they who have consistently dominated the Middle East from the beginning of Islam until today. The essence of the Shi'i movement, therefore, is intracommunal and has little to do with the world outside Islam. This may explain why students belonging to Hizbullah express only mild apprehension about the West.

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TABLE 3
RELATION BETWEEN PARTY AFFILIATION AND RELIGIOSITY
(by sex, in percent)

Party	Highly Religious		Moderately Religious		Not Very Religious	
	Men	Women	Men	Women	Men	Women
Amal	7	3	58	8	20	11
Hizbullah	83	81	8	15	—	—
Communist	—	—	—	—	31	42
SSNP	—	—	—	—	21	26
None	10	17	34	77	28	21

TABLE 4
PERCEPTIONS OF THE WEST
(by sex)

Question: Do you believe that the Western political systems are hostile to the Shi'is?

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Yes	73	27	71	56	144	36
No	200	73	56	44	256	64
TOTAL	273		127		400	

Question: Do you think that a balanced political arrangement for Lebanon should emphasize normal (political and economic) relations with the West?

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Yes	221	81	79	62	300	75
No	52	19	48	38	100	25
TOTAL	273		127		400	

Question: Do you think the Western countries are interested in dealing with the Shi'i Muslims on a friendly basis?

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Yes	35	13	10	8	45	11
No	238	87	117	92	355	89
TOTAL	273		127		400	

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TABLE 5
VIEWS ON THE HOSTAGES
(by sex)

Question: Do you approve of taking Western nationals as hostages?

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Yes	23	8	12	9	35	9
No	250	92	115	91	365	91
TOTAL	273		127		400	

Question: Do you think the hostages should be released immediately without setting any conditions for their release?

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Yes	252	92	119	94	371	93
No	21	8	8	6	29	7
TOTAL	273		127		400	

Question: Are you convinced of the claim that the hostages are Western intelligence agents?

	Men		Women		Total	
	Number	Percent	Number	Percent	Number	Percent
Yes	37	14	43	34	80	20
No	216	79	73	57	289	72
Don't Know	20	7	11	9	31	8
TOTAL	273		127		400	

As for the notion of the late Shi'i Ayatollah Khomeini, that the United States is the Great Satan: historically speaking, this is a very recent formulation whose impact on religious Shi'i college students in Lebanon appears to be minimal. Insofar as political resentment exists among these students, it is likely to be directed more toward Lebanese Christian Maronites — for dominating the country's political and economic life — or toward the Syrian government (and to a lesser extent the Israelis) for meddling in Lebanese affairs. For such students, regional powers are a more imminent threat than the distant West.

The final hypothesis, that Shi'i college students who do view the West negatively also approve of terrorist activities against Americans and Europeans, is strongly refuted by the findings. This may have to do with the blatant illegality (in Islamic terms) of the sabotage and hostage-taking that

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TABLE 6
PERCEPTION OF COUNTRY MOST AT FAULT FOR CIVIL WAR
(by sex)

Which country do you consider most responsible for the prevention of a peaceful solution to the Lebanese civil war?

	Men		Women		Total	
Country	Number	Percent	Number	Percent	Number	Percent
Syria	80	33	15	16	95	28
Israel	68	28	24	25	92	27
P.L.O.	55	23	—	—	55	16
U.S.A.	38	16	56	59	94	28
TOTAL	241		95		336	

TABLE 7
RELATION BETWEEN PARTY AFFILIATION
AND PERCEPTION OF COUNTRY MOST AT FAULT FOR CIVIL WAR
(by sex, in percent)

	SYRIA		ISRAEL		P.L.O.		U.S.A.	
Party	Men	Women	Men	Women	Men	Women	Men	Women
Hizbullah	40	100	32	58	—	—	11	5
Amal	—	—	40	21	100	—	—	—
Communists	—	—	—	4	—	—	89	23
SSNP	—	—	28	8	—	—	—	—
None	60	—	—	8	—	—	—	71

has gone on in Lebanon. Hizbullah leaders never miss an opportunity to extricate themselves from the stigma of kidnapping Western nationals. Whatever the extent of their actual involvement in these activities, they do not openly proclaim their involvement. To do so would put the support and respect of their followers at risk.

A final word needs be said about the sometimes extraordinary difference in the responses between male and female students. In Lebanon itself, it is widely assumed that the political views of Lebanese women are unstable, freighted with emotion, and irrelevant to actual political events in the country. And while this view is grossly exaggerated, it is true that the views articulated by female students can be attributed to the process of their political socializa-

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tion. In the culture of Lebanese Muslims, men dominate the social system, greatly limiting access by women to political information. Consequently, women find it hard to form an independent and clear political identity.

The rhythms of the Shi'i demographic shift from the south of Lebanon to Beirut may have also contributed to this difference. The initial stages of this shift, begun in 1969, involved far more men than women. The former would relocate first in the hope of finding jobs and accommodation before inviting the latter to join them. The women, less exposed to the sophisticated ways of the city, retained the ideas they carried from the war-torn South, an experience not shared by as many of their male counterparts.

Methodology

The survey consisted of a simple random sample of 400 Shi'i college students (273 men and 127 women) enrolled in three faculties of the West Beirut campus of the Lebanese University. The three faculties, which include 80 percent of the Lebanese University's total enrollment in West Beirut, are the hub of Shi'i student political activism. The faculties chosen (engineering; political science, public administration, and law; and economics and business administration) all contain a majority of Shi'i students.

A computer printout of all Shi'i students enrolled in the three colleges was obtained and the selection was made randomly on the basis of identification-card numbers. A total of fifty students either refused to be interviewed or could not be located; the list of non-responses includes twenty-seven men and twenty-three women.

Six trained and non-partisan Shi'i interviewers carried out the interviews in an atmosphere of strict confidentiality. Amal and Hizbullah representatives at the university cooperated fully with the survey and did not attempt to interfere in the administering of questionnaires. The author maintained close supervision throughout the interviewing process.

Questionnaire items were designed by a panel of three college professors and five college students. Three dependent variables were introduced in delimiting views: the hostage issue, perceptions of the West, and the role of the West in the Lebanese crisis. These variables were tested against two independent variables related to religiosity and membership in political organizations, particularly fundamentalist Islamic ones. The deliberations of the panelists produced a number of operational items for the dependent and independent variables. A pre-test was administered directly by the researcher to thirty college students. Ambiguous items were reformulated to ensure identical understanding by everybody.

Party membership was measured by one item requesting the students to indicate the party with which they are affiliated. Three items (frequency of praying, fasting during the holy month of Ramadan, and reading of the Qur'an) were chosen to indicate religiosity. Experience shows that in the highly sophisticated milieu of Beirut, these questions do determine intensity

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of religious feeling. The validity of the items was confirmed by their high factor loadings (respectively, 0.86; 0.73; 0.77).

To verify the reliability of responses, internal consistency was checked for stability. For example, respondents expressing the opinion that the hostages should be released immediately, without setting any conditions for their release, are not expected to approve taking Western nationals as hostages in the first place. The cross tabulation of the two items provided a very strong relationship (Gamma=0.93). Cross tabulation also indicated a high level of consistency between religiosity and party affiliation. For example, Hizbullah members ranked highest on the religiosity scale, whereas Communists and SSNP members (whose parties reject a role for religion) ranked lowest on the same scale.

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Correspondence

THE ALGERIAN UPRISING

To the Editor:

I was very delighted to find an article on Algeria ("The Second Battle of Algiers") in the Summer 1989 issue of ORBIS. However, the article written by Mr. Khalid Durán is extremely disappointing. Many points made in the article reveal a complete lack of expertise on the subject.

Reading Mr. Durán's article one is not sure whether it is Algeria with which he is dealing. For reasons that go beyond objective scholarship, Mr. Durán leaves the reader with the impression that Algeria is practically a "people's republic" such as the ones existing in Eastern Europe. Although there have been cases of torture in the country, it is false to argue that one could see "the influence of their [police] training by East Germans" (p. 407). Algeria's police are trained by native officers or by French experts.

The bad conditions of Algeria's agriculture are due not to the "Soviet-style collectivization under the regime of Houari Boumedienne" (p. 408), but to more complicated reasons that have resulted from the type of industrial policy chosen by Algeria's policy makers. In fact, Algeria's development strategy was not inspired by Soviet thinking, but was greatly influenced by the works of eminent Western economists such as François Perroux, Albert O. Hirschman, and G. Destanne de Bernis. The private sector both in industry and agriculture was alive and well under Boumedienne's regime. Unquestionably, the strategy of development has partially failed, but this does not necessarily mean that it was the wrong strategy. Its purpose was to give Algeria an industrial base, thus leading the country to economic and political independence and to satisfy the population's needs in the long run.

Mr. Durán makes some remarks that are not only baseless, but infuriating to anyone familiar with Algeria's history. He argues, for instance, that "tens of thousands of young people born of French-Algerian marriages were shunned by the Algerian government as potential traitors" (p. 409). The truth, however, is that he is referring not to people born of mixed marriages, but to the children of *harkis*, i.e., those Algerians who collaborated with the French colonial authorities during the war of independence. After independence the *harkis* left with the French. Nonetheless, their offspring have been allowed

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to come back to Algeria under the condition that if they want to remain Algerian citizens they have to do their military service as do other Algerian nationals.

Khalid Durán's treatment of the conflict in the Western Sahara deserves little comment, for he displays a ridiculous degree of ignorance on the issue. The Polisario — whether one is sympathetic to its cause or not — is neither Boumedienne's creation (in fact, Algeria did not initially give it support when it was created in 1973) nor was it backed by Moscow. The opposite is true. Studying the Maghreb region from an East/West perspective is a useless exercise. Despite Mr. Durán's claim, the Algerian government did not support the invasion of Afghanistan. Contrary to his statement (p. 412), Algeria abstained at the U.N.G.A. The rationale behind the abstention was to avoid voting favorably on a pro-U.S. motion because of the West's record regarding Vietnam, South Africa, Israel, etc. Algeria, however, was among the Muslim countries that condemned the Soviet occupation of Afghanistan at the subsequent Islamic Conference Organization meetings.

The worst part of the article is the section on the Berbers in Algeria. To my great surprise I learned that as a Berber (myself) I was among the minority that has been "subjected to suppression and forced assimilation" (p. 414). Mr. Durán needs to study more seriously the Berber question before displaying his ignorance in such a reputable scholarly journal.

The article abounds with factual errors. To correct them would require the writing of a whole study. Nevertheless, a few can be singled out. Algeria's population growth is 3.2 percent not 3.5 percent. The country's military forces — including the draftees — are far below 350,000 troops.

Algeria does indeed have many problems stemming from government errors. The October riots were a clear indication of the malaise felt by the population. However, it is not just the Berbers who "prefer a secular, democratic state . . ." (p. 415), but the overwhelming majority of Algerians.

Yahia H. Zoubir
American University

The Author Responds:

Yahia Zoubir makes eight major criticisms of my article. I will respond to each of them in turn.

It is true that the Algerian police are trained by French experts; and it is also true that the East German presence has recently diminished; but the GDR's influence since 1962 has been very great, and it continues.

To say Algerian development strategy was determined by international experts, and then to blame them, is to blame theorists much too much and to let politicians off too easily. Also, many "revolutionary" governments suffer from a chasm between theory and practice. In Algeria, that chasm widened

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until the Front de Libération Nationale (FLN) lost its credibility, leading to the October disturbances. Apologetic arguments such as the one proffered by Mr. Zoubir, especially in the wake of the October uprisings, have been rejected by the majority of Algerian critics as an ideology out of touch with reality.

I was not writing about the children of *harkis* but about children of mixed parentage. That said, what I wrote applies to many other French-born children as well whose parents are non-*harki* Algerians and who have, by force of circumstances, very much assimilated to the life-style of France.

Algiers did not back the Polisario Front in 1973, because then it was still a movement for the liberation of an occupied part of Morocco. Boumedienne's government began supporting it in 1976, after the movement had turned separatist. Boumedienne's boast (repeated by other Algerian officials) that the Polisario Front was an Algerian creation, was an exaggeration. Back in 1976, an internal working paper in the Soviet Ministry of Foreign Affairs called the "Sahara Republic" unworkable, yet Moscow extended its support, at times more through Libya than through Algeria. On occasion, this led to direct confrontation between Morocco and the Soviet Union.

Studying the Maghreb from an East/West perspective is hardly "a useless exercise"; Mr. Zoubir would seem to be one of those who have decided that the Cold War never existed. The reader can judge this issue for himself.

I hope that one day we will hear a plausible explanation for the Algerian government's stance on Afghanistan. Mr. Zoubir gives a callous rationale that Afghans will appreciate for its frankness. I was not referring to a one-time abstention from the United Nations vote but to a consistent pattern established over the years 1979-1989. Interestingly, Algerians constitute the second largest (if not the largest) contingent of Arabs fighting alongside the *mujahidin* in Afghanistan; they explain their presence in Afghanistan by referring to the Algerian government's pro-Soviet stance as unacceptable. It is certainly no coincidence that so many of the Arabs fighting on the side of the Resistance hail from countries aligned with Moscow: Algerians, Syrians, Libyans, and South Yemenis, as well as Palestinians.

Mr. Zoubir is not specific enough in his criticism of my dealing with the Berber issue. It may be worth recording that many Berbers activists find my presentation of the problem too mild.

As for my estimate of Algeria's population growth, which Mr. Zoubir calls a "factual error," my source was *Facts on File*. Of course, if one uses a different statistical method, one can come up with a figure of 3.2 percent, but then, other sources quote figures higher than 3.5 percent. As for the size of Algeria's military forces, my source was *The Middle East Military Balance 1987-88*. Because these figures are only estimates, I rounded them off.

Khalid Durán

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A $1,000 cash prize will be awarded to the author of a book published in 1989 that makes an exceptional contribution to the study of national security or the role of the military in society. The award, which commemorates the first director of the Mershon Center, is restricted to the author's first published book. Nominations by authors, publishers, or third parties must be made by February 28, 1990.

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To Make the World Safe for Revolution: Cuba's Foreign Policy. Jorge Domínguez.

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WORLD POLITICS
by Adam M. Garfinkle

The Blunted Sword: The Erosion of Military Power in Modern World Politics. By Evan Luard. New York: New Amsterdam Books, 1989. 196 pp. $25.00. **Retreat from Doomsday: The Obsolescence of Major War**. By John Mueller. New York: Basic Books, 1989. 327 pp. $20.95.

Intellectuals have long predicted the demise of major war, citing such causes as the invention of high explosives, the rise of republican institutions, and the economic senselessness of it all. Undaunted by the failure of these predictions, Luard and Mueller argue that conditions are finally conspiring to make war obsolete.

According to Luard, great powers formerly sought mutually exclusive ends that force could obtain, such as territory, royal succession, and religious monopolies. Now, as in Vietnam and Afghanistan, they seek goals connected to political values — to the ways in which a government works — and these goals cannot be achieved by force. Unfortunately, Luard exaggerates the discontinuity here, never explaining why religious disputes yield wars while conflicts over political ideology do not.

Mueller for his part points to broader social and intellectual processes. War is obsolete, he says, for the same reason duels and slavery are obsolete: people find them repulsive, counterproductive, and stupid. The false hopes of earlier days (which he reviews) were not wrong, only premature. In short, Mueller accepts Plato's argument that when people truly come to see the bad as bad, they will shun it. But by the same token we should also expect the end of crime, drug abuse, and adultery.

In a day when Mikhail Gorbachev is proclaiming peace, diversity, and disarmament in our time, such optimistic arguments find a ready readership in the West. It is a shame J.B. Bury, author of *The Idea of Progress*, is not around to help us evaluate these stimulating curiosities.

Deception: The Invisible War Between the KGB and the CIA. By Edward Jay Epstein. New York: Simon and Schuster, 1989. 336 pp. $19.95.

Books about Soviet efforts to deceive the United States typically identify a real problem but then magnify it out of proportion, with little evidence to support their extrapolation. The result is a growing body of conspiracy theories, to which Epstein makes the latest contribution. According to Epstein, virtually all U.S. intelligence about the Soviet Union is suspect, because it is riddled with Soviet disinformation. Indeed, he suggests, reality is likely to be the opposite of what the U.S. intelligence community believes. Epstein cites several cases of real or suspected deception that are by now well known (Nosenko, Fedora and Top Hat, Philby). But he fails to provide the necessary link for his thesis by demonstrating that individual cases of deception are part of a grand design directed by the Kremlin. *Deception* is well written, aside from several factual errors. (Georgiy Arbatov, director of the

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Soviets' Institute on the USA and Canada, will be pleased to learn that Epstein has promoted him to the Politburo.) Yet Epstein provides little new evidence, so while those who believe in grand conspiracies will enjoy the book, those who do not will remain unconvinced. B.D.B.

Drifting Apart? The Superpowers and their European Allies. Edited by Christopher Coker. Elmsford, N.Y.: Pergamon-Brassey's, 1989. 190 pp. $45.00.

Are the two superpowers and their European allies drifting apart? Coker and his contributors draw two conclusions: yes, the two blocs are drifting apart; and no, they are not. This symposium, in short, offers a rich compendium of ambiguities. It raises some important questions, but does not answer them. The parts are more significant than the whole.

On NATO's side, the budgetary shortfall of funds and disagreement on how to distribute the burden have allegedly precipitated a drifting apart. Why are the Allies apparently disinclined to cough up the funds they solemnly agreed upon? The symposium's collective answer seems to be that it is the decrease in the popular perception of threat, engendered by *glasnost* and *perestroika*, and that the West needs to respond to these "new realities."

In fact, the NATO allies are not drifting apart. The problem of burden sharing, daunting as it always has been, has not caused any serious damage to alliance cohesion. Those members of Congress who make burden sharing their transcendent concern oversimplify the situation grievously. Geopolitical constants insure that the Allies will never be able to reduce the costs of mutual defense to a common measurement. No common denominator, for example, can be found to compare the Turkish military budget, with its wide strategic space, and the Dutch military budget, with its very narrow space close to the bulk of the Warsaw Pact forces. Robert Strausz-Hupé

Ecology in the 20th Century: A History. By Anna Bramwell. New Haven, Conn.: Yale University Press, 1989. 292 pp. $40.00 ($16.95, paper). **Environmentalism and the Future of Progressive Politics.** By Robert C. Paehlke. New Haven, Conn.: Yale University Press, 1989. 325 pp. $25.00.

Paehlke and Bramwell offer two very different approaches to ecology as politics. With unabashed sympathy, Paehlke sees environmentalism as the font of a new, radical politics. Bramwell is more interested in the history of "ecology" as an idea.

For Paehlke, environmentalism is an integrated, revolutionary system of values. And though he does not describe this value system simply, it evidently includes cooperation, self-sufficiency, sharing, appropriate technology, and thrift; it opposes competition, trade, economic growth, capital-intensive technology, and consumption. From this standpoint, Paehlke tries to integrate environmentalism with other "progressive" political attitudes (such as Marxism and "militant feminism"). He fails, but the exercise is interesting, because it presages what self-styled "progressives" are likely to

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be doing for decades to come.

Bramwell, in what may be the finest book yet written on ecological politics, charts the flow of this ideal through European culture, drawing from fiction as well as biological and political tracts. The ideal's origin, she believes, lies in science's mid-nineteenth-century shift from a mechanistic to vitalist perspective. Since that shift, she demonstrates, ecological thinking has coursed through the work of numerous scientists, politicians, and commune leaders, and through every major ideology of the twentieth century, including German fascism. In a final overview, Bramwell concludes that the ecological alternative is utopian, riddled with contradictions, and more a religious than scientific attitude toward political economy. Of its primitivist approach, she says: "Consciously or otherwise, this is a death-wish."

The Grand Failure: The Birth and Death of Communism in the Twentieth Century. By Zbigniew Brzezinski. New York: Charles Scribner's Sons. 278 pp. $19.95.

Mikhail Gorbachev is often compared with Nikita Khrushchev, but where Khrushchev was feverishly optimistic, Gorbachev sounds utterly disenchanted. For him and his supporters, there is no longer any doubt that communism has failed to deliver a superior social order. Instead, the fruits of the past seven decades have been Stalinism, economic backwardness, social malaise, national frustration, and institutional decay. This is the grand failure of communism, and Brzezinski's masterful account — written for laymen as well as scholars — documents just how complete the failure has been. Politically, he demonstrates, communism is moribund. Economically, it can perform only by using the market it disavows. Ideologically, it is a ritualized relic devoid of real meaning.

As a result, Brzezinski sees Gorbachev's efforts to reform socialism as a desperate, doomed undertaking. Pointing to the magnitude of the current Soviet crisis, Brzezinski believes the eventual disintegration of communism as an international political system is unavoidable. The conclusion is convincing, and in many ways encouraging for those who believe in democracy.

Nevertheless, communism's terminal stage will certainly involve dangerous convulsions for which the West should prepare. Brzezinski believes the West should support current reforms only insofar as they contribute to the breakdown of the Stalinist system. Specifically, he recommends providing help to the independent movements that fight for pluralism.

V.T.

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WAR STUDIES
by Bruce D. Berkowitz

Affording Defense. By Jacques S. Gansler. Cambridge, Mass.: The MIT Press, 1989. 415 pp. $24.95.

Many critics of the Pentagon's procurement procedures focus on specific big-ticket weapon systems, missiles, or on such superficial issues as $600 toilet seats and $200 hammers. Gansler is in a different league. Ten years ago, he wrote an influential book exploring problems of military planning from an economic viewpoint; now he concentrates on the political and organizational problems of military planning. The result is another major contribution.

Gansler proposes several improvements in the organization of the military establishment: implement more effective management techniques for military industries; centralize acquisition decisions within the Defense Department to reduce parochialism by the armed services; and reform congressional oversight to minimize repetition and micromanagement in the legislative review process. Of course, if it were simple to adopt these solutions, the problems would probably not exist in the first place. Much of what Gansler writes will be familiar to the military expert, largely because Gansler is one of those who has helped shape the debate over military policy, through the Packard Commission report and similar studies. Nevertheless, this book is an excellent presentation of a position held by a growing number of military insiders: the military acquisition process does not work as it should, and major organizational reforms are needed if it is to be fixed.

King of the Killing Zone: The Story of the M-1, America's Super Tank. By Orr Kelly. New York: W. W. Norton, 1989. 288 pp. $18.95.

Despite the book's title, Kelly deals with much more than the development of a new tank; he offers a broad study of the issues surrounding armored warfare. Beginning with a review of the history of tank warfare, Kelly demonstrates that most of today's controversies over the design of tanks and their battlefield utility go back several decades. Then, with close attention to both political and technical aspects, he presents a very readable narrative of the U.S. Army's prolonged effort to develop an affordable, effective tank. Along the way, he also discusses a number of NATO issues, such as the Alliance's struggle to coordinate the production of weapons. The cost and development difficulties of the M-1 generated much controversy. In recounting this controversy, Kelly is scrupulously even-handed, giving due attention to all the viewpoints that clashed over the tank's design. He even avoids easy shots at Dina Rasor, one of the M-1's most vociferous critics, who later proved to be badly misinformed. A long-time Pentagon reporter, Kelly backs up his knowledge with many references and interviews, providing a good snapshot of defense acquisition as it operates today.

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Moving Targets: Nuclear Strategy and National Security. By Scott Sagan. Princeton, N.J.: Princeton University Press, 1989. 237 pp. $19.95.

Sagan analyzes past U.S. targetting postures and argues for a new one. His presentation of the past is balanced and honest, as free of myths and shibboleths as any recent work. As for the future, Sagan's sketch is logical and, in all but a few details, persuasive.

Both sections are organized around what Sagan calls "the usability paradox," by which he means the need to field weapons that are usable enough to deter, but not so usable that they might provoke. This is a proper focus, for the Janus-faced nature of nuclear strategy has indeed been at the heart of its dilemmas.

In keeping with his focus, Sagan shows that early U.S. targetting doctrine was not as countervalue oriented as many believe ("the layman's myth"), but neither was Mutual Assured Destruction just a label ("the expert's myth"). He argues, too, that the evolution of targetting doctrine through the 1970s and 1980s was far more incremental than commonly thought.

As for future policy, Sagan advocates a second-strike counterforce posture resembling the "countervailing strategy" of the Carter administration. To this end, he argues for building more "slow" counterforce weapons (like cruise missiles) and fewer "prompt" ones (like the MX and Trident D-5). He is hopeful that a new START regime can limit the Soviet threat to U.S. systems, and he sees limited hard-point defense as possibly useful. One might quibble about whether Sagan's proposed strategic posture is robust enough, but it is clearly a serious, carefully considered position. A.M.G.

Origins of the Maritime Strategy: American Naval Strategy in the First Postwar Decade. By Michael A. Palmer. Washington, D.C.: Naval Historical Center, 1988. 129 pp. $7.50 (paper).

In 1945, the U.S. Navy had a problem. It had to justify its existence when the air force had the mission of providing a nuclear deterrent to Soviet aggression and no major naval power threatened the United States. Palmer argues that the navy attempted to prove its worth in the new geopolitical era by developing a "strategic concept" based on using carrier strike forces to defeat a Soviet offensive in Europe.

The navy's strategy, which would have relied heavily on nuclear weapons, unraveled when it became clear that the navy could not carry out nuclear strikes any better than the air force. The result was cancellation of the navy's planned supercarrier in 1949 and a public controversy over the roles of the armed services that ultimately resulted in the retirement of the chief of naval operations later that year. Ironically, within two years, the Korean War saved the navy's budget, and the service did capture a portion of the nuclear strike mission.

Palmer argues that this episode from the 1940s is important because the navy's current Maritime Strategy parallels its postwar strategic concept: both aim primarily at the Soviet threat to Europe and seek to justify the navy's

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existence to U.S. officials. Although this straightforward study captures the tactics and maneuvers adopted by navy officials to save their service, in the end it does not answer the question critics of both strategies raise: Are naval weapons the most effective defense against a Soviet attack? If not, then the Maritime Strategy is likely to suffer the same fate as its predecessor.

Rational Methods, Prudent Choices: Planning U.S. Forces. By Robert P. Haffa, Jr. Washington, D.C.: National Defense University Press, 1988. 164 pp. $5.00 (paper).

Military writers often refer to systems analysis and cost-benefit assessments, but rarely do they give specific demonstrations of how such techniques are carried out. Haffa fills this void by providing a primer that applies these methodologies to strategic, general purpose, and rapid deployment forces. These methods, according to Haffa, involve identifying a national policy objective; defining the military missions necessary to achieve the objective; and then — without bias toward the armed services' existing roles and missions — developing the force structure that can carry out the needed missions most efficiently. The result is a useful introductory text in military analysis.

One minor flaw, however, is Haffa's repeated complaint that the political process too often fails to implement the optimal policies identified by objective analysis. Like other systems analysts (including Alain Enthoven and William Kaufmann), Haffa criticizes the armed services for their parochialism and political officials for protecting vested interests. Yet such are the facts of life, and the analyst should come to terms with them. Parochialism is as inherent to bureaucracy as pork barrel politics is unavoidable in a democracy. Moreover, even the most sophisticated methodologies rely heavily on underlying priorities, and these are almost always more a matter of opinion than objective analysis, a point that Haffa sidesteps.

The Rise of American Air Power: The Creation of Armageddon. By Michael S. Sherry. New Haven, Conn.: Yale University Press, 1987. 480 pp. $29.95 ($14.95, paper).

Why did the United States adopt strategic bombing as a military policy during World War II? Why did it commit vast amounts of money and manpower to that effort despite evidence suggesting it was ineffective and despite a traditional American abhorrence of warfare against civilians? Drawing on a wide range of materials including official documents, contemporary media, diaries, and a number of secondary sources, Sherry traces development of modern air forces and strategic-bombing doctrine, showing how they coincided with specific social attitudes. Strategic bombing, he says, resulted from the desire for a clean and cheap alternative to the trench warfare of World War I, from the increased availability of aircraft, and from the pressure of such strong-minded advocates of air power as William "Billy" Mitchell and Hugh Trenchard.

Unfortunately, though, what the author has provided is more a social

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history of strategic bombing than a rigorous analysis of how specific policies evolved. As a result, Sherry is less than convincing when he draws sweeping conclusions, such as his claim that the U.S. fire-bombing of Japan was largely motivated by racism.

Unguided Missiles: How America Buys Its Weapons. By Fen Hampson. New York: W. W. Norton and Company, 1989. 370 pp. $19.95.

Hampson's *Unguided Missiles* is a primer on procurement written by a Canadian national with no experience in the procurement process itself. This limits his inside knowledge, of course, but it also limits the level of bile, making his book suitable for students. Hampson sees no grand conspiracies and presents no grand theories. Rather, he reviews a series of discrete cases and programs — the B-1 bomber, the Abrams M-1 tank, the air-launched cruise missile, the Trident submarine and missile, and SDI — describing along the way the debilities, confusions, and inefficiencies of a large, not-for-profit bureaucracy. He is reluctant to make judgments beyond the evidence and merely repeats the recommendations of the Packard Commission. His prose is, for the most part, calm and clear.

The book has only two problems. First, early chapters on the procurement and budget processes, while valuable for students, are strangely cut off from the rest of the book; the examples that follow are not scrutinized in terms of the ideas laid down in these chapters. And then there are the examples themselves. Hampson tends to accept the prevailing wisdom concerning the rationales and criticisms of the systems he reviews. Such prevailing wisdom, however, is generally the result of logical deductions by outsiders, and those who have been inside tell us that logic is not a reliable guide to the workings of the procurement process. Still, *Unguided Missiles* is probably the best available aid to students who have moved from introductory courses to the devilish details of national security studies. A.M.G.

INTERNATIONAL ECONOMICS
by Patrick Clawson

Beyond Globalism: Remaking American Foreign Economic Policy. By Raymond Vernon and Debora Spar. New York: The Free Press, 1988. 239 pp. $22.95.

Vernon and Spar's broad survey is a first-rate introduction to the foreign economic policy of the United States since World War II. Their account seems aimed at students of political science both in and out of universities, focusing as it does on policy formulation (especially relations between the executive branch and Congress). Its main theme is a simple one: the authors hold that it is unrealistic to propose policies for regulating trade that give great discretionary power to government agencies or that impose heavy bur-

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dens on well-defined interest groups. This is because the American public has long given strong support to diffusing government power and allowing special interest groups to challenge government actions.

In addition to international trade, the analysis also covers foreign exchange, multinational enterprises, foreign aid, and international cooperation. The economics is light but sound; the debates that rack the profession are skipped, which by necessity means the volume lacks the subtleties that interest aficionados of international economics. For the uninitiated, these clear and unobtrusive accounts are more useful than the "on the one hand, on the other hand" passages that commonly clutter works on international economics.

The Coming Soviet Crash. By Judy Shelton. New York: The Free Press, 1989. 238 pp. $22.50.

Shelton's work is simultaneously perceptive and deeply flawed. For example, in the first half of her book, on the Soviet financial system, Shelton manages to ferret out an estimate of the Soviet government's deficit. Yet she fails to grasp how deep the Soviet financial crisis actually is. Soviet banks are awash in rubles. The famous Soviet queues illustrate that prices are far too low. Thus, unless dramatically more goods can be put on the market, the USSR will experience inflation in the high double digits or even triple digits.

The second half, on Western financing of the Soviet economy, is also frustrating. Shelton cuts through layers of obfuscation thrown up by bankers and politicians and shows that the West already provides significant financing to the USSR. But her case against such lending overlooks the fundamental point that the Soviet Union is a bad credit risk, for one purely economic reason: the Soviet system encourages an accumulation of debt without concern for repayment. The Soviets have avoided a large foreign debt to date only through tight controls on foreign economic ties. Unless the system is changed to discourage excessive borrowing, it will be incapable of entering the world economy.

The Coming Soviet Crash is easy to read and has much useful information. Shelton is to be congratulated for highlighting problems that had been pushed into the shadows, such as the Soviet deficit and foreign borrowing; but it is frustrating that her account so profoundly understates the problems and the risks for the West.

Developing Country Debt and the World Economy. Edited by Jeffrey Sachs. Chicago, Ill.: University of Chicago Press, 1989. 323 pp. $50.00 ($16.95, paper).

A 1987 conference on Third World debt, convened by the National Bureau of Economic Research, yielded these sixteen papers, written by the most eminent economists working on the problem. Yet the papers only skim the surface, both because the question is vast, and because disagreements are profound.

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The bulk of the volume is devoted to case studies which are solid accounts of developments in mostly middle-income countries: Argentina, Bolivia, Brazil, Indonesia, South Korea, Mexico, the Philippines, and Turkey. Lacking here is an example from Africa; more important, though, the studies do not explain what motivated government actions. Economists are too prone to assume that governments act in the public interest. But this is not always the case, especially in the non-democratic polities that predominate among debtor countries.

The topical papers are skimpier in length and content. A number of authors complain, Sachs most eloquently, about the method the IMF uses in negotiations with governments. Secret agreements between technocrats on both sides do not secure the broad political support needed to implement wide-reaching changes. In his role as editor, Sachs also provides a useful introduction summarizing the theses of the contributors; its one shortcoming is to exaggerate agreement among authors who, to say the least, highlight different facets of the problem.

Exchange Rate Instability. By Paul Krugman. Cambridge, Mass.: The MIT Press, 1989. 120 pp. $12.95.

Building on his attention-catching thesis that exchange rates have become disconnected from the real economy, Krugman argues that unstable exchange rates have made firms reluctant to respond to exchange rate movements. In Krugman's "sunk-costs" model of trade, selling manufactured goods in foreign markets requires substantial up-front expenditure. Thus, even when a favorable exchange rate obtains, firms hesitate before paying these "sunk costs," because they are unsure how long the favorable rate will last. The result is clear: exchange rates affect trade less and less, and larger exchange rate changes are needed to rectify an unfavorable trade balance.

Krugman presents these complex ideas in a manner accessible to the general reader. He also anchors his thesis in the history of ideas by referring to the classic 1940s-1950s debate between Ragnar Nurkse and Milton Friedman concerning the stability of financial markets. Krugman argues that the experience of the 1980s supports Nurkse's pessimism: financial markets are vulnerable to destabilizing speculative bubbles that can disrupt world stability.

This disquieting conclusion is presented, however, without much supporting evidence or consideration of alternative hypotheses. The problem could be that the world economy has been experiencing more disruptive shocks — from new technologies, commodity cartels, or sharply divergent growth rates among countries. In that case, the financial markets may have moderated potentially intolerable strains that would otherwise have led to a profound depression and a steep drop in world trade.

The Informal Economy. Edited by Alejandro Portes et al. Baltimore, Md.: The Johns Hopkins University Press, 1989. 312 pp. $39.50 ($16.95, paper).

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The editors assembled this collection to counter what they call "a well-orchestrated campaign" to disentangle the state from Latin American economies. Fortunately, most of the fourteen essays (which are not limited to Latin economies) are honest and prove the opposite of what the editors intended. For example, Alex Stepick's essay on Miami and Jose Blanes Jimenez's essay on La Paz show well the importance of the informal sector.

Gregory Grossman's essay on the USSR's informal economy makes the volume worth buying. Using surveys of Soviet emigrants, he estimates that informal income varies from more than a quarter of total income in small Russian cities to two-thirds in Armenia. Official Soviet data, Grossman demonstrates, seriously underestimate this wealth. Indeed, the underestimation may be as great as the official overestimation of socialist income. Consequently, national income may be as large as Soviet statistics say, but of a very different composition.

Undoubtedly, the informal economy has its limits. Incomes in the informal sector, for example, tend to be less than in the formal sector. Yet it is nonsense to conclude, as the editors do, that having governments promote the formal economy is in the interests of workers. The costs required for investment sufficient to provide full employment in the formal sector would be prohibitive, making the real choice for most workers informal income or unemployment. The editors' insistence that "getting the state into the economy" is a "necessary condition" for growth simply reflects their ideological preconceptions.

The International Economic Order. By Charles Kindleberger. Cambridge, Mass.: The MIT Press, 1989. 229 pp. $35.00.

Kindleberger has been associated for twenty years with a theory of financial crisis that owes much to Adam Smith and John Stuart Mill. A "displacement" (a shock like a new technology or an oil price rise) leads to a new set of investment opportunities that may go too far, producing "over-trading" that sometimes leads to "revulsion" and "discredit." Because of these shocks, Kindleberger argues, markets that function well without intervention in ordinary times require a stabilizing, hegemonic power to resolve periodic crises.

According to this scheme, the hegemonic power alone provides and pays for services that benefit all, an example of what economists call "public goods." These international public goods would, specifically, include a coherent system of exchange rates, a steady flow of capital among nations, a lender of last resort to prevent financial crises, a coordinator of monetary and fiscal policies among nations, and an open market for traded commodities in glut or in acute shortage.

The essays collected here, written between 1978 and 1988, argue for Kindleberger's theories, but take the approach of the policy analyst, making arguments more by historical analogy than by mathematical model. His method will disappoint the professional economist who seeks a precise specification of assumptions and a rigorous demonstration of consequences.

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Oil Windfalls: Blessing or Curse? By Alan Gelb and associates. A World Bank Research Publication. New York: Oxford University Press,1988. 357 pp. $32.50.

In an effort to get beyond merely anecdotal answers to the question posed in the title, Gelb looks in detail at the post-1973 experience of six capital-deficit oil exporters: Algeria, Ecuador, Indonesia, Nigeria, Trinidad and Tobago, and Venezuela. The answer should come as no surprise to anyone who reads the newspaper: the unprecedentedly large transfers of wealth to oil exporters left them "worse off than they would have been with a far lower, more predictable rate of increase in oil prices or, indeed, with constant oil prices." Gelb's detailed analysis results in a host of counter-intuitive conclusions: most of the windfalls were committed even before they were anticipated; oil-driven economies tended to cause non-oil economic activities to shrivel up; windfalls improved growth rates only in the brief period 1974-77; and richer oil-exporters spent more of their oil income for subsidies than did poorer ones. Gelb's gloomy but convincing analysis shows that even the apparent winners in the 1970s ended up losers.

Drawing conclusions from past mistakes, Gelb emphasizes two main points. First, "spending levels should have been adjusted to sharp rises in oil income far more cautiously than they actually were." Specifically, he suggests that about two-thirds of the windfall should have been saved abroad. (Kuwait was the only state that came remotely near to achieving this.) Second, plans to consume money in 1980 should not assume that oil will bring $100 a barrel in 1990; instead, spending policy should be "based on less than the expected price trend." Sage advice, to be sure — and all too likely to be brushed aside in the euphoria of the next commodity boom. D.P.

THE UNITED STATES
by Adam M. Garfinkle

America at Century's End. By James Schlesinger. New York: Columbia University Press, 1989. 113 pp. $18.95.

George Orwell remarked that in confused times it is the duty of intelligent men to restate the obvious. One might argue just how confused these times are, but a restatement of the obvious well describes this slim volume by a man who has been secretary of defense, secretary of energy, and director of the Central Intelligence Agency. Though indulging in some oversimplifications, some redundancies, and the substitution of assertion and observation for argument, Schlesinger does well to remind us of certain basic facts about the United States: the condition and consequences of its exceptionalism; the role of a volatile public opinion; Americans' traditional lack of respect for authority and expert judgment; the persistence of an energy prob-

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lem; the distortive social and political effects of television; and the dangers of a bloated and isolated White House staff. He also reflects on the exaggeration of "American decline," commenting on the Cold War that it is "scarcely logical, though understandable, to feel nostalgic about an era that we sought so hard to bring to a close." And he notes the unfortunate waxing of the carnival and snake-oil aspects of American politics.

It is perhaps odd that a man who exalts expertise has written a book with little direct practical application. But he has packed more stimulation and common sense into just over a hundred pages than most manage to put in a thousand. *America at Century's End* can be recommended for abused students and confused teachers alike.

Collective Defense or Strategic Independence? Edited by Ted Galen Carpenter. Lexington, Mass.: Lexington Books, 1989. 310 pp. $40.00.

Most governments pursue "strategic independence," whereby they alone defend their citizens against foreign aggression. A few — such as the American colonies in 1776 or the members of the North Atlantic Treaty Organization — engage in collective defense, whereby several governments pledge to help defend each other's citizens.

Carpenter's stimulating volume offers sixteen views on the question of whether the United States would be best served by strategic independence or a collective defense. Because these essays emerged from a conference of the libertarian Cato Institute, it is not surprising that eleven authors support the libertarian preference for strategic independence. The most incisive argument on this side is by Melvyn Krauss, whose analysis of NATO suggests that a collective-defense pact tempts its junior partners into unhealthy dependency.

But the outnumbered supporters of a collective defense — particularly Edward Olsen and A. James Gregor — offer a strong rebuttal. To Krauss's argument, Olsen replies that dependency arises not from a joint defense but from a failure to perceive the defense as fully collective. Thus, instead of the Western Alliance, he sees "a Western transnational geopolitical and economic entity that really constitutes the superpower led by Washington."

Unfortunately, a muddle clouds this exchange. Contributors on both sides persistently equate collective defense with anti-Soviet containment. Those issues are related, but not inherently so. Stressing the distinction might have produced an historically broader, more principled debate on the key question of mutual security. R.D.

Desperados: Latin Drug Lords, U.S. Lawmen, and the War America Can't Win. By Elaine Shannon. New York: Viking, 1988. 420 pp. $19.95.

Shannon, a reporter for *Time*, offers an in-depth look at the international drug trade, one of the new foreign dangers facing the United States. Her investigation concentrates on the story of Enrique Camarena, an agent of the U.S. Drug Enforcement Agency, who was abducted, tortured, and murdered

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in Mexico in 1985, possibly with the collusion of Mexican officials. Shannon uses the Camarena case mainly as a vehicle for describing the development of the Latin American drug trade and the inability of the United States to respond effectively.

Shannon's analysis is unique in the breadth of its sources. It draws not only on interviews with numerous U.S. and foreign officials, but also on first-hand field investigations of the drug trade. Through both statistics and anecdote, Shannon captures the social and political factors that have shaped U.S. narcotics policies over the past two decades.

According to Shannon, the utter failure of the United States to control drugs is partly a political failure, but also the result of powerful forces beyond Washington's control, such as corruption in foreign governments, economic incentives to produce drugs, and the massive demand in the United States for illegal narcotics. Both illuminating and depressing, her study is essential to understanding America's latest "war." B.D.B.

The Fettered Presidency: Legal Constraints on the Executive Branch. Edited by L. Gordon Crovitz and Jeremy A. Rabkin. Washington, D.C.: American Enterprise Institute, 1989. 335 pp. $29.95 ($14.95, paper).

Though "Congress" does not appear in the title of this book, it is clearly the actor that has "fettered" the presidency. The judiciary is not to blame. When courts were handed separation-of-powers disputes in recent years (the legislative veto, Gramm-Rudman), they generally sided with the executive branch. The problem, therefore, lies with presidents who have failed to confront Congress; without a confrontation, the courts have little opportunity to resolve the executive-legislative tug-of-war.

What could a president do? He could let the government go broke.

Historically, presidents have had two major powers to protect their office and the country from an overweening Congress: the power to impound appropriated funds (in effect, a line-item veto) and the power to veto bills. Congress eliminated the line-item veto with the Budget and Impoundment Control Act of 1974. Lately, it has begun neutralizing the veto power by presenting presidents with last-minute omnibus appropriations bills. If the president does not sign, the government shuts down. Though presidents complain, they always sign. A president's refusal to sign would announce a serious intent to restore the balance of powers.

Such is the tough message of *The Fettered Presidency*. Though many of the thirty-one contributors are conservatives with ties to the executive branch, this serious and scholarly treatment does not simply blame Congress. As often as not, the contributors blame recent presidents for their timidity.

Kevin J. McNamara

From Hiroshima to Glasnost: A Memoir of Five Perilous Decades. By Paul H. Nitze, with Steven L. Rearden and Ann M. Smith. New York: Weidenfeld and Nicolson, 1989. 480 pp. $25.00.

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Nitze has served prominently in American public life far longer than almost any of his contemporaries, and this has made him the subject of more scholarly attention than any of his peers, with the single exception of George F. Kennan. Nitze has never before written of himself, however; we are all the richer now that he has.

Nitze fills in some interesting historical spaces. He tells us, for example, that Alexander Sachs, the economist for Lehman Brothers who carried Einstein's famous letter to President Roosevelt in 1939, came to him in early 1950 and predicted North Korea's attack on the South. For the general reader, such details are intriguing, but for the scholar trying to reconstruct crises past, Nitze's level of detail is indispensable. Nitze also interprets events, and while not all of his points are persuasive, most are plausible and many contradict common knowledge. For example, Nitze's contentions that Acheson was not responsible for miscommunicating U.S. resolve with respect to Korea must be taken seriously. Nitze's account of the Reagan administration also differs significantly from Strobe Talbott's account in *The Master of the Game: Paul Nitze and the Nuclear Peace*, and rebuts Talbott's facile characterization of Nitze as a relative dove among administration hawks.

Otherwise, the book is plainly written, suggesting perhaps that Rearden and Smith had much to do with the drafting. The one thing to be regretted here is the muting of the author's voice, for Nitze's pugnacity and candor show through only in the beginning and the end.

The Making of a Senator: Dan Quayle. By Richard F. Fenno, Jr. Washington, D.C.: Congressional Quarterly, Inc., 1989. 173 pp. $13.95.

If this book is right about Dan Quayle, then the press is wrong: he is no lightweight. That conclusion would mean nothing if propounded by a Quayle campaign biography. But this is a serious study of Quayle, produced for the prestigious Congressional Quarterly organization, and written before George Bush chose Quayle as his running mate in 1988.

In 1976, Quayle challenged a "very popular" congressman of sixteen years. Quayle was twenty-nine, had no electoral experience, trailed in the polls 61-27, and "almost no one believed he could win." He won. In 1980, Quayle challenged Birch Bayh, a Senate veteran of eighteen years whose polls showed him forty points ahead. He won again. Once in the Senate, Quayle took on the Reagan administration to push the Job Training Partnership Act (JTPA). JTPA became "the most important new piece of social legislation in the Ninety-seventh Congress." He played a key role in securing Senate approval of the sale of AWACS aircraft to Saudi Arabia, persuaded the White House to create a Pentagon "procurement czar," and drew attention to a flaw in the INF Treaty that forced a renegotiation of the accord, among other accomplishments.

As a result of these successes, *The National Journal* called Quayle "a Senate success story," and a "potential Senate leader." *The New York Times* said he "emerged as a leader" in the Senate. *The Chicago Tribune* listed him

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among six "rising stars" of Congress. *Politics in America* and *The Almanac of American Politics* made similar assessments. In light of this book, George Bush's selection of Quayle seems sensible. But the media's portrayal of him seems only malign. Kevin J. McNamara

Territory of Lies: The Exclusive Story of Jonathan Jay Pollard. By Wolf Blitzer. New York: Harper and Row, 1989. 336 pp. $22.50.

Wolf Blitzer, Washington correspondent of *The Jerusalem Post*, was the only journalist allowed to interview Jonathan Jay Pollard between his arrest on charges of spying for Israel and his sentencing to life in prison. The reason, Blitzer believes, was that prosecuting officials from the attorney general's office were using him to "set-up" Pollard for a stiff sentence. Pollard's plea-bargaining arrangement included an agreement not to talk on record about his case without prior approval, and the interview with Blitzer constituted a violation of this provision.

On almost all the major issues, Blitzer takes Pollard's side, though not extravagantly so. For Blitzer, Pollard is intelligent and serious, not strange or living in a mental fantasy. He did break the law, but the sentence was too stiff, a response to the concurrent spy scandals involving CIA defector Edward Lee Howard and the Walker family. The damage done to U.S. interests, though not trivial, was exaggerated. And Caspar Weinberger's vendetta against Pollard bordered on the irrational.

Clearly, Blitzer's account is more likely to fuel the lingering angers over this case than to settle them. As for the deeper issues involved — especially the role of Israel for diaspora Jewry — Blitzer does not even seriously engage them, let alone contribute to their development. But for all these disappointments, there is a story here, and Blitzer is a journalist with the eye and the pen to tell it.

EUROPE
by Vladimir Tismaneanu

Beyond Glasnost: The Post-Totalitarian Mind. By Jeffrey C. Goldfarb. Chicago, Ill.: University of Chicago Press, 1989. 240 pp. $24.95.

Is it benevolence on the part of communist rulers that is primarily responsible for the evolution toward pluralism in Hungary and Poland? Or is it pressure from opposition movements? The author, who possesses intimate knowledge of the Polish opposition, maintains the latter. Intellectual emancipation in post-Stalinist societies, this noteworthy study contends, has come from below, not above. Dissident intellectuals have broken the bonds of the totalitarian straitjacket, while engendering grass-roots human rights activism, and the emergence of civil society in Eastern Europe.

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For that reason, according to Goldfarb, one cannot understand the rise of Gorbachevism or the current ferment in Eastern Europe without examining, first, the features of the totalitarian order, and second, the search for political and cultural alternatives to it. Goldfarb finds this search for alternatives in the new philosophies of politics championed by independent thinkers like Adam Michnik, Miklós Haraszti, and Václav Havel, and in the literary works of such authors as Stanislaw Baranczak, György Konrád, and Milan Kundera.

On one point, however, Goldfarb's attitude seems contradictory. He takes issue with the neoconservative interpretation of global conflicts, but glosses over the debt this interpretation owes to Polish philosopher Leszek Kolakowski's description of Sovietism, which Goldfarb clearly endorses. Those who celebrate the post-totalitarian mind must also applaud the anti-totalitarian mind.

Communist Parties in Western Europe: Decline or Adaptation. Edited by Michael Waller and Meindert Fennema. Oxford: Basil Blackwell, 1988. 284 pp. $49.95.

The decline of West European Communist parties is among the most interesting phenomena of the last decade. Employing a comparative approach, Waller and Fennema highlight the structural factors precipitating that decline: changes in the social composition of the parties' members; changes in the social and economic environments that shape them as parties; and internal factors such as the parties' commitment to anti-democratic procedures.

Not all Western Communist parties have shown the same rigidity, of course. The contrast between French and Italian Communists epitomizes the conflict between conservatives and reformers. Even in the Italian case, however, it remains to be seen whether the break with Leninism means a real commitment to the rules of democracy and tolerance of intra-party opposition. Only a genuine break with the sectarian mentality and a redefinition of their political identity will resolve the predicament of Communist parties in Western Europe. And despite important differences, as Waller's excellent introduction notes, all Communist parties still exhibit a striking uniformity in political practice.

Students of communist affairs will find many stimulating hypotheses here about the crises of political parties that, despite their recent retrenchment, have not renounced the dogma of socialist revolution.

Cross Currents: A Yearbook of Central European Culture, No. 8. Edited by Ladislav Matejka. Ann Arbor: University of Michigan, 1989. 374 pp. $15.00.

Previous volumes in this series met the highest expectations. In this number, we get a diverse, splendidly illustrated collection of political and literary documents — from Poland, Lithuania, Hungary, Czechoslovakia, and

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East Germany — that contributes much to our understanding of intellectual trends in Central Europe.

Three essays are particularly impressive: those by Polish writers Adam Michnik and Jan Josef Sczepanski on totalitarianism, and the essay by Tomas Venclova, a Lithuanian poet and human rights activist, on relations between Jews and Lithuanians. The latter candidly discusses how the once-peaceful coexistence of the two communities was replaced by distrust and excesses during the dark years of World War II. Venclova opposes the views of some Lithuanian ultra-nationalists, who try to justify anti-Semitic outbursts by pointing to the role played by some Jews in the imposition of Stalinism in Lithuania. His own approach is a painful but indispensable act of historical reparation: "One must not dump one's own guilt on other nations. They will figure out their guilt. We must figure out our guilt and repent for ourselves. Properly speaking, this is the very essence of what it means to belong to one nation or another." H. Gordon Skilling's essay on Thomas G. Masaryk as a "permanent dissenter" is another gem, providing impressive evidence for the strength of Masaryk's unswerving humanist beliefs and his rejection of prejudice and nationalist blindness.

The GDR: Moscow's German Ally. By David Childs. Second edition. London: Unwin Hyman, 1988. 372 pp. $15.95 (paper).

In this updated edition of his classic study of socialism in the German Democratic Republic (GDR), Childs finds that the country's ruling elites perceive *glasnost* as a dangerous concept. In fact, GDR president Erich Honecker has expressed his unequivocal displeasure with the pace of de-Stalinization in the Soviet Union. This anti-reformism stems partly from the East German leaders' satisfaction with their regime's economic performance, and partly from their perception that, because of easy access to West German media (especially television), East Germany is more vulnerable than other communist countries to Western influences.

Childs is particularly thought-provoking in describing how East German independent activists, without idealizing Gorbachev, have exploited the Soviet reform movement to attack ossified institutions in their own country. Their swell of protest since 1987 has diminished Honecker's carefully crafted image as a venerable statesman, forcing him to resort to classic methods of domestic terror.

Rich in poignant detail and vividly written, Childs's comprehensive study persuasively interprets the major goals pursued by Honecker's government in both domestic and foreign policy. Evaluating political and cultural dissent in the GDR, Childs predicts an intensifying intellectual opposition to the regime's neo-Stalinist orthodoxy.

The Hungarians: A Divided Nation. Edited by Stephen Borsody. New Haven, Conn.: Yale Center for International and Area Studies, 1988. 405 pp. $28.00.

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This comprehensive collection of essays could hardly be more timely, for recently heightened Romanian-Hungarian tensions have brought attention to the fate of Hungarian minorities not only in Romania, but also in Yugoslavia, Czechoslovakia, and the Soviet Union.

Although the issues addressed here lend themselves to emotional treatment, the authors maintain a balanced approach in their illuminating analyses of the Hungarians' tortuous history through the twentieth century. Bennett Kovrig traces the current discontent among Hungarians outside Hungary up to the end of World War II, when Moscow drew boundaries with little regard for ethnic composition. George Schöpflin discusses the situation of ethnic Hungarians in Romania, arguing that Romanian-Hungarian tensions ultimately derive from the differing historical and political experiences of the two nations. While this is certainly true, Schöpflin tends to exaggerate the absence of democratic tradition in Romania. Borsody argues that the disastrous effects of ethnocentrism in Eastern Europe could be prevented by "the rise of a Danubian regional community of nations with equal rights for all and discrimination to none." Utopian as it sounds, this may be the only solution to the ethnic strife endemic in that region.

NATO's Southern Allies: Internal and External Challenges. Edited by John Chipman. An Atlantic Institute for International Affairs Research Volume. New York: Routledge, 1988. 399 pp. $65.50.

Backed by lavish support and with no expenses spared, a massive effort has been made here to wrest some conceptual order from the tangled affairs of NATO's southern flank, which stretches from Portugal to Turkey. The result is a meticulously researched collection of essays by leading experts. But the sum is less than the parts. This is not the fault of the editor; indeed, Chipman deserves the highest marks for solid scholarship and vigorous analysis. If blame is to be assessed, it lies with the peoples of NATO's southern flank and their dedication to national goals not easily reconciled with the common cause of the Alliance.

But so it has been since the founding of the Alliance. What is remarkable about NATO South is not that it is troublesome, but that it has survived almost unscathed despite a succession of radical changes in its governments. Over and over again, the statesmen in those countries have deftly averted disaster. When the chips were down, they stuck to the Alliance.

NATO's leaders — Washington especially — have had to reconcile the policies of the southern members with the Alliance's overarching strategic goals, no simple task. To understand why this endeavor is not always successful, Chipman suggests looking at the "disincentives to coordination." These "disincentives" emerge with admirable objectivity in chapters on Greece and Turkey (by Thanos Veremis and Ali Karaosmanoglu); they point to the need to live with the "disincentives," and not to try to eliminate them.

Robert Strausz-Hupé

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Romanian Politics in the Ceausescu Era. By Daniel N. Nelson. New York: Gordon and Breach, 1988. 244 pp. $39.00.

Nelson, a perceptive analyst of Romanian socialism, sees Romania as a textbook case of political immobility, resulting from President Nicolae Ceausescu's failure to mobilize public support for his policies. Simulated political participation and a strategy of cosmetic reform are exhausted of whatever potential they once had to move people. In addition, Nelson believes, Romania's international isolation and the alienation of its army (resulting from its assignment to non-military tasks) have diminished Ceausescu's capacity to defuse domestic conflict.

In this collection of valuable studies, Nelson argues his view by examining such topics as the relations between the masses and Romania's elites; increasing working-class discontent; the role of local institutions in Romanian political dynamics; and the party-military axis. In the end, Ceausescu's regime emerges as a striking historical anomaly: a feudal structure in the late twentieth century.

But is it really just an inflexible neo-feudal autocracy? Does it not, rather, represent another version of radical Stalinism, with its perpetual attempts to reconstruct human and physical nature?

THE SOVIET UNION
by Nicolai N. Petro

Chernenko: The Last Bolshevik. By Ilya Zemtsov. New Brunswick, N.J.: Transaction Books, 1989. 325 pp. $49.95.

Writing a book about Konstantin Chernenko, Gorbachev's short-lived predecessor, may seem an odd or recondite undertaking. Few major Soviet leaders have been more thoroughly forgotten amid the dynamic changes of the Gorbachev era. Yet, as Zemtsov wisely reminds us, the course of recent Soviet history and the extent of the changes that have taken place are incomprehensible without comparing these two figures.

Zemtsov's work holds interest on two different levels. First, it offers a vantage point from which to compare today's Soviet power structure with that of the pre-Gorbachev era. But second, it offers valuable insight into the world of mid-level party functionaries — many of whom still feel much more a part of Chernenko's Soviet Union than of Gorbachev's. As a member of the executive board of the Soviet Sociological Association, Zemtsov had an opportunity to study this milieu first-hand. He paints a memorable picture of the narrow-minded, petty, rigid bureaucrat, tightly bound by outdated orthodoxies.

The text abounds with fascinating details of Machiavellian party politics, such as the Kremlin intrigues surrounding Andropov's ascension to power. It also provides a detailed account of Gorbachev's adroit maneuvering within

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this profoundly undemocratic system to reach the position of general secretary; and this picture too is valuable. As Zemtsov reminds the reader again and again, the West ought not to mistake changes in style among Soviet leaders for changes in substance.

Global Rivals. By Seweryn Bialer and Michael Mandelbaum. New York: Alfred E. Knopf, 1988. 210 pp. $18.95.

In this companion volume to the PBS Series of the same name, two specialists on the Soviet Union attempt to provide some geopolitical context to the current changes in the USSR. Their thesis is that the global rivalry that has characterized U.S.-Soviet relations for decades is ready to change fundamentally. They argue that the arms race has peaked, and alliances and other forces in the world no longer are as predictable as they once were. Most important, the task of modernizing the USSR leaves Moscow little time for an aggressive foreign policy. According to Bialer and Mandelbaum, these factors combine to make this a unique moment in modern history.

At times, the authors seem too eager to accentuate the positive. A closer examination of their own historical examples does little to bolster confidence; Russian history, they admit, is replete with reform attempts that have fizzled. Moreover, they often refer to Gorbachev's own ascension to general secretary as a "historical accident" — not an assessment that inspires the reader to believe his coming to power heralds a fundamental change in global circumstances.

Still, there can be no doubt that the nature of Soviet politics has changed sharply, and the authors are certainly right to expect that the pace of internal Soviet reforms will directly affect superpower relations.

The Limits to Soviet Power. Edited by Rajan Menon and Daniel N. Nelson. Lexington, Mass.: Lexington Books, 1989. 240 pp. $ 19.95 (paper).

A truism underlies this volume: Power encompasses more than military might. Because the Soviet Union's immense power rests chiefly on its military, it is a "one-dimensional" power, lacking economic depth and social stability.

Working from this belief, the authors examine a variety of domestic and external challenges to Soviet power, such as erupting nationalism, economic burdens, limitations on the ability to integrate technology, and the unreliability of Warsaw Pact and Third World "client-states." Menon and Nelson conclude that the current Soviet leadership realizes the limited ability of a one-dimensional power to meet these challenges, and suggest that these leaders are the first to recognize that limitations on the use of power are endemic to the Soviet system. Nonetheless, they conclude that Gorbachev's reforms and "new thinking" do not represent real movement away from traditional Soviet foreign-policy objectives, but are merely an effort to find a more efficient way to extend Soviet influence — hardly a benign prospect.

While there is much of value in this book, one of the oddly overlooked limitations on Soviet power is the imposition of communist ideology. Since

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the current "new thinking" in Soviet foreign policy is largely a reaction to previous ideological constraints, a careful analysis of the current status of ideology would have been a welcome addition.

Moscow's Third World Strategy. By Alvin Z. Rubinstein. Princeton, N.J.: Princeton University Press, 1989. 310 pp. $35.00.

Unlike many scholars, Rubinstein does not rely heavily on Soviet journalistic and academic writing to illuminate Soviet policy and intentions in the Third World; rather, he relies almost exclusively on the record of Soviet actions. The result is a systematic survey of Moscow's Third World strategy from Lenin to Gorbachev, concise, brilliantly researched, and elegantly written.

The bulk of the book meticulously analyzes Moscow's instruments of policy in the Third World. Rubinstein reviews how the Soviets have used liberation movements, direct intervention, and surrogates to manipulate circumstances to their benefit. He convincingly explains how Soviet activity in the Third World has intensified anti-Americanism and constrained the United States.

Looking at Gorbachev, Rubinstein notes that the decrease in Soviet rhetoric concerning the Third World has not been accompanied by a decline in Soviet interest. During Gorbachev's tenure, the Kremlin increased its military involvement in Nicaragua, Angola, Ethiopia, Libya, and Syria; and anti-American disinformation campaigns have been maintained everywhere. Moreover, because the military realm may be the only one where the USSR can compete effectively for influence with the United States, Rubinstein suggests that no Soviet leader will readily forgo military activism. Ilya Prizel

Perestroika in Perspective. By Padma Desai. Princeton, N.J.: Princeton University Press, 1989. 138 pp. $14.95.

Gorbachev's undeniable political successes notwithstanding, his program of economic reform (*perestroika*) has not fared well. In this short, uncomplicated book, Desai provides in layman's terms a marvelously succinct description of what Gorbachev is attempting to do, and a sound discussion of the difficulties he faces in doing it. Although Desai is an economist, she has wisely chosen to combine her economic analysis with political and cultural observations, producing a wide-ranging look at the crisis driving *perestroika* and Gorbachev's prospects for reforming the Soviet system. On the whole, her critique of the ineffective half-measures comprising current economic reforms is convincing.

Inevitably, in a brief book covering as much territory as this one, there are over-simplifications. One is the author's remark that Gorbachev may have successfully resolved the historical debate between "Slavophiles" and "Westernizers" by combining indigenous socialist convictions with the desire to embrace Western technology. Aside from the historically incorrect and confusing linkage between Slavophile thinking and socialism, the debate over whether socialism and modern economic development are compatible has

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re-emerged with greater force today precisely because of the manifest contradictions between socialist economic planning and modern economic systems. It is far from being resolved.

La Révolution gorbatchevienne: Essay d'analyse historique et politique. By Jacques Baynac. Paris: Gallimard, 1988. 290 pp. FF 110.

Baynac, a French historian recognized for his contributions to the study of the Russian socialist revolutionaries, ends with a provocative conclusion: "All in all, under the guise of de-Stalinization, Gorbachev operates a rampant de-Leninization. Gorbachevism is a break with Leninism." In this reading, the Gorbachev revolution is far from what it pretends. Its slogans of returning to pre-Stalinist Bolshevism disguise a latent, potentially seditious set of goals and aspirations. With an emphasis on the crucial role of the intelligentsia, a celebration of cooperatives and self-management, and a commitment to "humanism, ethics and democracy," Gorbachevism resembles an updated version of the socialist revolutionary program rather than a form of neo-Leninism.

The difficulty with Baynac's thesis is that one has to dismiss so much of Gorbachevism as mere window-dressing. For example, Gorbachev's commitment to the Leninist dogma of the Communist party as the generator and guarantor of social change has been unequivocal. If that is not the real Gorbachevism, what is — and how do we know? As long as Gorbachev and his followers continue to advocate the virtues of the one-party system, Baynac's fascinating hypothesis remains open to serious doubt. V.T.

Soviet Strategy toward Southern Africa: The National Liberation Movement Connection. By Daniel R. Kempton. New York: Praeger, 1989. 261 pp. $44.95.

Historically, Soviet influence in Africa has depended more on "national liberation movements" than on Communist parties, and nowhere has this been more pronounced than in southern Africa (Mozambique, Namibia, Zimbabwe, Angola, and South Africa). Kempton's book is a solid and impressive contribution to the study of Soviet influence in southern Africa, and to our understanding of the Soviet Union's goals and interests in the area. He is scholarly, highly informative, and objective.

Still, some criticisms bear noting. Kempton omits Mozambique and Namibia from his study, greatly diminishing its overall value. He holds that the liberation movements are independent of Moscow, though the evidence unearthed by his careful inspection of relations between the two sides points to just the opposite conclusion in every case. He slights the issue of ideological motivation within the movements, and so misses a key issue: Do the African National Congress of South Africa and the Popular Movement for the Liberation of Angola espouse Marxism-Leninism to obtain Soviet support, or do they enjoy that support because of their consistent doctrinal loyalty? Finally, Kempton's heavy reliance on Soviet academic sources creates a

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question, particularly in this era of *glasnost*, about the extent to which these views represent the Soviet leadership's strategies and goals. M.R.

THE MIDDLE EAST
by Daniel Pipes

Asad of Syria: The Struggle for the Middle East. By Patrick Seale, with the assistance of Maureen McConville. Berkeley: University of California Press, 1989. 552 pp. $25.00.

Seale is a talented political writer whose first book, *The Struggle for Syria* (1965), remains a minor classic of Middle East studies. All the more pity, then, that he sold out to become the Syrian regime's leading apologist in the West.

Passages in *Asad of Syria* recall the old talent, for Seale can write deftly about the subject of this biography, Hafiz al-Asad, as well as about the whole course of Syrian history. Also, Seale turns up much new information about Asad's life before he became president of Syria in 1970. But two-thirds of the book deals with events since 1970, and here, although Seale had access to Asad and other top officials of the Syrian government, he provides little information and fewer insights.

Much worse, he paints so hagiographic a picture of Asad that the reader can only hope it was as painful for Seale to write as it is to read. Seale obsequiously repeats every lie put out by the hacks in Damascus, accepting even the claim that Nizar al-Hindawi, the man who tried to blow up an El Al plane in 1986, was a double agent controlled by Israel. With cruel audacity, he deems Asad — who in 1982 called out the air force to bomb the Syrian city of Hama, killing tens of thousands — a man who seems to "abhor violent confrontations." Similarly, he presents Asad, the Arab ruler with the greatest number of Arab enemies, as a "statesman" who best "represents the Arabs' aspirations to be masters of their own destiny." The publishing of such sycophancy is regrettable, and doubly so when it is done by a renowned university press.

The Closed Circle: An Interpretation of the Arabs. By David Pryce-Jones. New York: Harper and Row, 1989. 464 pp. $25.00.

Perplexed by the wide gap between the obvious ability of the Arabs and their very modest achievements in the twentieth century, Pryce-Jones develops a fairly elaborate schema to explain what he perceives as the Arabs' failure. He refines three concepts throughout the book. The power-challenge dialectic consists of an unending series of individuals seeking authority as an end in itself; those who win rule despotically, those who fail languish in prison. The money-favor nexus is the civilian equivalent; those who have money

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flaunt it, those without it languish in poverty. Shame-honor is the polarity that dominates private life, especially relations between the sexes.

In a sustained *tour de force*, Pryce-Jones applies these three concepts to explain such diverse phenomena as the career of Ayatollah Khomeini, changes in Israeli society since 1967, the behavior of Western oil companies, and even the predominant themes of modern Arab literature. The author has read widely and thought hard on the Arab predicament, and the result is thoroughly depressing. He has the courage to document what very few Westerners but quite a few Arab observers have dared discuss, namely that 150 million Arabs are suffering from the self-interested rule of militaristic leaders. Some may call Pryce-Jones anti-Arab for doing this; but the charge would be false, for he has done the subject Arab populations a service by so fully recording their plight. Only the rulers (and their apologists) will have reason to complain. *The Closed Circle* is a landmark for understanding the politics of the Middle East.

From Beirut to Jerusalem. By Thomas L. Friedman. New York: Farrar, Straus and Giroux, 1989. 525 pp. $22.95.

Friedman's reporting for *The New York Times* from Lebanon and Israel between 1979 and 1988 stood out for its precision and its elegance. Now he has produced a book on the area, one of the best by a reporter, though not one, finally, transcending its journalistic roots. *From Beirut to Jerusalem* has two main flaws. One concerns Friedman's powerfully tangled emotional relationship with Israel, and the way this biases his views of that country. The Olympian detachment that served him in Beirut failed him in Jerusalem. Second, Friedman says hardly a word about Israel's conflict with the Arab states. Palestinians have assumed greater prominence in the daily news from Israel, of course, but a book needs to be more than a compilation of daily dispatches.

Still, the book has real strengths. Here Friedman explains the brutal war for communal survival that underlies the Israeli-Palestinian confrontation: "One side had knives and pistols; the other had secret agents and courts. While each constantly cried out to the world how evil the other was, when they looked one another in the eye — whether in the interrogator's room or before inserting a knife in a back alley — they said something different: I will do whatever I have to to survive. Have no doubt about it." This frightful picture notwithstanding, Friedman proposes a solution. "The Palestinians must make themselves so indigestible to Israelis that they want to disgorge them into their own state, while at the same time reassuring the Israelis that they can disgorge them without committing suicide." But Palestinians have only one way to accomplish this nearly impossible task: by bringing to bear "the stick of non-lethal civil disobedience and the carrot of explicit recognition."

The Iranian Mojahedin. By Ervand Abrahamian. New Haven, Conn.: Yale

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University Press, 1989. 307 pp. $27.50.

The Mojahedin-e Khalq is an Iranian political party perpetually in violent opposition to the regime in Tehran. Between 1968 and 1981, it played a key oppositional role and developed an original, highly influential ideology of revolutionary Islam. After 1981, however, the Mojahedin bumbled so often that outside observers can be excused for not taking it entirely seriously. The party dissimulated its doctrines with painful transparency, allied with an enemy government (that of Iraq) against its own countrymen, and celebrated its leader's stealing a colleague's wife and turning her into a revolutionary queen. Abrahamian paints a devastating portrait of a leadership that knowingly transforms a political party into a cult, and gets increasingly caught up in its own rituals and circular arguments. Eventually it spins off into an irrelevance of its own making. Abrahamian's evidence suggests the Mojahedin had its unique moment a decade back, and that it is unlikely ever to have a second chance.

The Iranian Mojahedin has its share of problems; in particular, too much space (a third of the text) is devoted to the most general analysis of Iranian politics. Also, the author allows himself to get overly caught up in Marxist analyses — for example, his interpretation of the Mojahedin's social bases. Such criticisms aside, this first full-length study of the Mojahedin is enormously valuable for the masses of data it brings to light and its insights into the vagaries of life in the Iranian opposition.

Israel, the West Bank and Gaza: Toward a Solution. By the Jaffee Center for Strategic Studies Study Group. Tel Aviv: Tel Aviv University, 1989. 24 pp. $6.00. **The West Bank and Gaza: Israel's Options for Peace**. By the Jaffee Center for Strategic Studies Study Group. Tel Aviv: Tel Aviv University, 1989. 235 pp. $25.00.

The Jaffee Center has, in cooperation with many other institutions, provided an intelligent, thorough, and valuable report on the options facing Israel with regard to the West Bank and Gaza. *Israel's Options* systematically takes up the six major alternatives currently on the Israeli agenda: staying with the status quo, annexing the territories, imposing autonomy, withdrawing unilaterally from Gaza, seeking a Jordanian-Palestinian federation, or agreeing to an independent Palestinian state. It convincingly shows that none of the six are attractive, though some (notably annexation) are even less attractive than others.

Toward a Solution, which lacks the first volume's co-sponsors, is a pamphlet that offers in a mere eight pages the Jaffee Center's ideas for breaking Israel's impasse. It calls for Israelis to deal with Palestinians in ways that will change the two peoples' "most fundamental perceptions." On the Israeli side, this means taking such steps as accepting the possibility of a Palestinian state; on the Palestinian side, it means accepting a ten-to-fifteen-year transition stage and a much-circumscribed sovereignty.

Together, the two reports establish a new clarity for thinking through

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the Israel-Palestinian confrontation. The main problem with them is that they, along with so much of the conventional thinking this year, assume that the Palestinians are the only Arabs facing off against Israel.

Mandate for Terror: The United Nations and the PLO. By Harris Okun Shoenberg. New York: Shapolsky, 1989. 570 pp. $19.95.

Of the United Nations's multiple failures during the past two decades, none has been so self-evident and dramatic as the organization's treatment of the Arab-Israeli conflict. After relegating Israel to pariah status, U.N. members were galvanized to hound and delegitimize the Jewish state in favor of the Palestine Liberation Organization.

Shoenberg, B'nai B'rith's man at the United Nations since 1968, provides a full account of this unhappy saga. In *Mandate for Terror*, a large and fact-filled book, he dissects the PLO's long-term strategy. He shows how the political forums, secretariat, specialized agencies, international conferences, peacekeeping operations, and funding agencies of the United Nations were gradually infiltrated by the PLO. He analyzes the PLO's rise to become the paramount national liberation movement, its campaign to de-legitimize Israel, and its relations with the United States. He also provides information on specific events: the recounting of Yasir 'Arafat's visit to the United Nations in New York in November 1974 is especially memorable.

In short, Shoenberg has produced the last word on his subject. For all its value, however, *Mandate for Terror* is a challenge to read. For one thing, it is too much of an indictment and not enough an objective analysis; even those readers who share the author's views will find his unabashed anger a bit oppressive. For another, the sheer bulk of detail at times overwhelms the narrative. As a result, only the most dedicated readers are likely to get through more than a few pages at a sitting.

Republic of Fear: The Politics of Modern Iraq. By Samir al-Khalil (pseud.). Berkeley: University of California Press, 1989. 310 pp. $25.00.

According to Khalil, soon after the Ba'th party reached power in Baghdad in 1968, the Iraqi population found itself in the grip of an apparatus whose sole purpose was to attain control, and whose sole method was fear. Before long, the Ba'th regime had wiped out not merely its opposition, but the boundary between state and society, putting an end to political thinking in public life, and even changing the self-image of individuals. Khalil's powerful and articulate account is one of the few critical studies of Iraq under the rule of the Ba'th party and probably the first serious study ever by an expatriate. Drawing on such thinkers as Hannah Arendt and Arthur Koestler, he provides a highly sophisticated analysis.

Khalil's deficiency, however, is that he is uncritically critical; this sometimes leads him to embrace inconsistencies or to provide only partial answers to major questions. He ascribes the improvement in women's status, for example, to the regime's wish to control women directly, without the inter-

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mediation of male guardians. But this ignores the importance of party ideology regarding modernization and women's rights. Similarly, the exclusive emphasis on fear means missing out on ideological and material incentives. Consequently, Khalil only partially explains why 20 percent of Iraq's adult population joined the ruling party; or why hundreds of thousands of Shi'i soldiers fought for eight years against Khomeini. Amatzia Baram

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AFRICA
by Peter Duignan

The African Poor: A History. By John Iliffe. Cambridge: Cambridge University Press, 1987. Reprinted 1989. 387 pp. $49.50 ($15.95, paper).

Leftists commonly misconceive African poverty as a recent phenomenon, occasioned by colonial and capitalist exploitation. Conservatives, by contrast, tend to blame the poor themselves, the weather, population growth, or the incompetence of African governments. Iliffe contends, in the thesis underlying this immensely learned work, that most very poor Africans have simply not been able to find work, nor to take care of themselves, even in a land-rich economy. The forms of poverty in Africa may have changed during the twentieth century, he says, but its existence is nothing new.

Unfortunately, some of Iliffe's assertions cannot be verified. For example, he writes about the extent of malnutrition in pre-colonial Africa, but that is a phenomenon for which there is little hard data. Occasionally, too, the author appears to be inconsistent. After blaming modern transport for condemning certain areas to indigence (by enabling government market boards to transfer agricultural surpluses to areas where prices are high), Iliffe later states that "Africa's most destitute areas were its backwaters, remote from transport." While the author rightly stresses the impoverishing role of political violence and governmental incompetence in post-colonial Africa, he fails to give credit to the colonial peace that repressed large-scale violence and administered effectively without large bureaucracies.

Most of the time, though, Iliffe succeeds in his three avowed purposes: to express concern with the growth of poverty in post-colonial Africa, to pay tribute to Africa's splendor in suffering, and to avoid both the elitism of imperial historiography and the parochialism of the national histories that replaced it.

The African Worker. By Bill Freund. Cambridge: Cambridge University Press, 1988. 200 pp. $34.50 ($10.95, paper).

According to Freund, his work is "a synthesis of issues and debates" in the field of African labor studies. His chapters, after an introduction on historiography, analyze the culture and community of the African working class;

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varieties of labor; trade unions and relations with the state; the South African case; and the relations between labor and social change.

Freund rejects romantic views concerning the egalitarian nature of pre-colonial society, stresses ambiguities in the position of African labor, and avoids simplistic formulae and generalizations. But his work is not without weaknesses. He glosses over the monumental failure of Mozambique's Marxist-Leninist ruling party. Conversely, he maintains that, from the early 1970s on, South Africa's potential for industrial expansion was stymied by a "small and stagnant internal market for most commodities" — whereas total manufacturing output in South Africa (at current prices) grew from 2.8 billion rand in 1970 to 24.4 billion rand in 1985. Finally, the author cites with approval Charles van Onselen, as one who disputed the myth propagated by colonial writers of the "passive African who was not permitted to function as a serious social and historical character." Since the principal "colonial" historian is L. H. Gann (whose works provide no justification for this generalization), Freund's failure to mention Gann's work in the text or bibliography constitutes a conspicuous omission.

And Still They Dance: Women, War, and the Struggle for Change in Mozambique. By Stephanie Urdang. New York: Monthly Review Press, 1989. 256 pp. $12.00 (paper).

The People's Republic of Mozambique used to be a favorite stop in the left's search for working models of Third World socialism. That largely ceased in 1980 when the Marxist-Leninist ruling party, the Front for the Liberation of Mozambique (Frente da Libertaço de Moçambique — FRELIMO) admitted to policy mistakes, a disastrous economic situation, and a lack of control throughout the countryside.

But Urdang remains a true believer. She traveled to Mozambique with preconceived notions and returned with them confirmed. Her apologia for FRELIMO must embarrass even the regime itself: her slogans are those the government dropped in the early 1980s. She refers to guerrillas of the Mozambican National Resistance (Resistência Nacional Moçambicana — RENAMO) as "armed bandits" existing only by virtue of South African support, even though the regime acknowledges that its errors caused resistance and admits to Pretoria's positive role in the search for peace. Urdang praises the "equality" of a state where the gap between leaders and masses may surpass that of every other country in Africa, and admires the cooperatives and collective farms that, FRELIMO now says, contributed to famine and revolt. Without questioning her Western feminist premises, she praises FRELIMO's attacks on traditional life and family structures.

This volume tells less about Mozambique than about the abiding inability of many Westerners to understand or care for the fate of Africans.

M.R.

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Francophone Sub-Saharan Africa, 1880-1985. By Patrick Manning. Cambridge: Cambridge University Press, 1988. 215 pp. $42.50 ($12.95, paper).

Manning attempts to describe Belgian and French colonial rule in Africa and to chart the effects on Africa of the industrial transformation experienced by the modern world. This is a worthwhile undertaking, as no similar work exists. Unfortunately, the author is not entirely successful in accomplishing the task he sets for himself.

Errors mar the work. For instance, Manning accepts the stereotyped judgment that "the French were more successful in imprinting their national culture on Africa than the British." In fact, the English language is far more widely understood in the backwoods of, say, Zambia or Zimbabwe than French is understood in the remoter parts of Senegal or Niger. Manning's work also has glaring omissions: it says little about the rise of military expenditures in Africa after independence or the enormous expansion of the new administrative bourgeoisie. Finally, as an economist, the author relies on a discredited mode of neo-Marxism and offers no objective economic analysis. On several grounds, then, this book is difficult to recommend as an introductory text for the student or general reader, although it may be of some value to the specialist able to sift the wheat from the chaff.

Prisoners of a Dream: The South African Mirage: Historical Essays on the Denton Hearings. By Leo Raditsa. Annapolis, Md.: Prince George Street Press, 1989. 407 pp. $25.95.

Amid the decay of careful scholarship concerning South Africa, Raditsa's book stands apart. It exhibits a thoroughness of research that sometimes approaches pedantry, particularly when dealing with secondary issues such as the pre-1948 history of inter-racial relations. Moreover, Raditsa exhibits an honesty all too often missing from discussions of South Africa today. He sees the African National Congress as inclined to totalitarianism and inherently brutal. He shows that many of the "anti-apartheid militants" lionized on Western television were little more than teenage thugs. And he points out that black South Africans, particularly adults, oppose such tactics as "necklacing" and the destruction of schools.

At the same time, it must be said, Raditsa is clearly an emotionally committed writer, who sympathizes with the predicament of a country he loves. And even the soundest emotions are a dangerous guide to a complex situation like South Africa's. Obviously frustrated with Western interpretations of the South African situation, Raditsa sometimes falls into a reflexive opposition. For example, he indiscriminately praises Chief Buthelezi's organization, Inkatha, and accepts his statements at face value. Similarly, he adheres to the public images that leaders of Angola's and Mozambique's anti-communist organizations strive to convey. The result often mirrors the Manichean analysis that Raditsa opposes. M.R.

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South Africa: Diary of Troubled Times. By Nomavenda Mathiane. New York: Freedom House, 1989. 208 pp. $12.95 (paper).

Mathiane, a black South African journalist, observes apartheid from close up, and her scrutiny of Soweto life between 1985 and 1988 provides a number of important insights.

Mathiane's diary demythologizes Soweto's violence. Far from pitting black victims against white oppressors, she shows, it centered around turf fights between the black racists of the Azania People's Organization and the quasi-Stalinists of the African National Congress. Her narrative also reflects the poignant tragedies of black life. Although she naturally hates apartheid, as a mother she is tortured by seeing lawless youths take children from schools to make them part of murderous gangs. Above all, however, Mathiane conveys her anger toward foreign activists who proclaim themselves "liberators" while engaging in self-aggrandizement or wishful thinking. Even black South Africans like singer Miriam Makeba, who lives abroad in high style, do not escape criticism for having "lost touch with what is happening back home."

Mathiane's voice is genuine. If enough South Africans of all races heard and understood it, there would yet be a chance for reasonable, truly progressive change in that magnificent but convulsed country. M.R.

Tutu: Voice of the Voiceless. By Shirley du Boulay. Grand Rapids, Mich.: William B. Eerdmans Publishing Company, 1988. 286 pp. $22.50.

Old-fashioned missionary literature no longer finds a ready market. Books with titles like *Dawn in Darkest Africa*, popular in Victorian days, are now accepted only by out-of-the-way presses that serve fundamentalist congregations. Yet, oddly, the genre flourishes in an altered form. The evil against which the Christian churches fight is no longer paganism, but apartheid. Boulay's study serves as a good example. Bishop Desmond Tutu, she says, is "like Moses reaching the mountain top and seeing the promised land." She exults over his leadership: "greatness was not so much thrust upon him as emerging [*sic*] with a remorseless inevitability from his religious beliefs."

The author is convinced that, once South Africa is free of apartheid, Tutu will continue to play a vital though precarious role. Others are not so certain. Boulay forgets that Tutu in his own way is a man of the establishment, a leader of a mainline church. (The photo of his wedding shows a bride and groom who would not be out of place in Westminster Abbey.) Troubled relations exist between such mainline churches and the so-called Zionists — African sectarians distinguished by what Westerners would consider bizarre forms of theology. These Zionists constitute the largest religious group in South Africa's black population, but are generally both poorer and more politically and socially conservative than the mainline churches. They are a movement that the Pretoria regime, the ANC, and churchmen such as Bishop Tutu can ignore only at their peril.

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ASIA
by Arthur Waldron

America and Island China: A Documentary History. Edited by Stephen P. Gibert and William M. Carpenter. Lanham, Md.: University Press of America, 1989. 410 pp. $37.50.

The literature in English concerning Taiwan is thin, comprising little more than a handful of monographs, none quite up to the mark, plus dozens of works like this one, a collection of documents and essays.

America and Island China begins with a broad look at diplomatic, economic, and military relations between the United States and the Republic of China on Taiwan during the period 1949-1978. Then, in more detail, it takes up the same topics for 1979-1988. The bulk of the volume consists of documents, mostly diplomatic, but some (very usefully) congressional. The great gap is Taiwan's internal political history, an important topic but virtually unstudied, and therefore hard to include. Still, even a few tables of officeholders and a chronology of major internal events would be helpful, if only to remind readers that the ROC's diplomacy does not occur in a vacuum.

That said, the volume remains highly useful. Because linguistic nuances are so important in Chinese diplomacy, anyone serious about understanding it must have the primary sources at hand. And that probably means buying this book, the best collection of the important sources to date.

ASEAN and China: An Evolving Relationship. Edited by Joyce K. Kallgren, Noordin Sopiee, and Soedjati Djiwandono. Berkeley: Institute of East Asian Studies, University of California, 1988. 381 pp. $20.00.

The fate of Cambodia was probably the most pressing issue in relations between China and the Association of Southeast Asian Nations (ASEAN) when the papers making up this volume were presented in 1987. The threat of Vietnamese domination in Cambodia drew China and Thailand closer, effecting a shift that brought Singapore and Indonesia to decide in principle to establish relations with Peking. Nearly everyone was upbeat about China's future.

Reflecting the views of that moment, contributors to *ASEAN and China* expect China-ASEAN relations to flourish, though attention is paid to some potential problems: a dynamic Chinese economy out-competing its neighbors, an irredentist China re-activating dormant territorial issues, or simply a chaotic China upsetting regional order. But none of the authors expected anything like the demonstrations and deaths of Tiananmen Square. Accordingly, none of them addresses directly what are now the urgent problems: how to deal with an economically weakened and perhaps hostile China, and how to find a solution in Cambodia without close Chinese diplomatic cooperation.

In other ways, however, *ASEAN and China* stands up well. Without

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exception, the essays are full of information and insight, and the volume itself is unusual for collections of conference papers — attractive, well-edited, and pleasant to read.

China Builds the Bomb. By John Wilson Lewis and Xue Litai. Foreword by Sidney D. Drell. Stanford, Calif: Stanford University Press, 1988. 347 pp. $29.50.

Early in the 1950s, Mao Zedong decided that if China were ever to stand up among states, as he had declared it would, nuclear weapons would be needed. For two decades thereafter, staggering amounts of money and talent were mobilized to reach his goal.

Drawing only on unclassified materials, Lewis and Xue show how the nuclear program was lavishly funded even in years of famine, and how home-grown expertise was mobilized when the Soviets cut off aid. It is a fascinating story, ingeniously and absorbingly told.

But the most basic issue raised here is not easily answered, even by the authors' painstaking research: What did the Chinese authorities get for all their expenditure? It won them a certain degree of additional international respect, to be sure. But arguably it is less certain that China gained any practical increase in military effectiveness. In the early 1970s, a nuclear China still feared the USSR enough to turn to the United States. A decade later, it was unable to coerce Vietnam, even by military invasion.

Real power, it seems, increasingly depends on economic health — as Japan demonstrates. It is ironic that, by squandering capital on a massive program to create nuclear weapons, China may have foreclosed her chance for real power — the sort her prosperous non-nuclear neighbors enjoy.

Daughter of Destiny. By Benazir Bhutto. New York: Simon and Schuster, 1989. 384 pp. $21.95.

When Benazir Bhutto was named prime minister of Pakistan, on December 1, 1988, she became the first woman in modern history to head a Muslim state. Being only thirty-five, she also became one of the youngest leaders of a democratic country in this century. But no less satisfying, for herself at least, she became the first democratically elected prime minister of Pakistan since her father was ousted in a 1977 military coup.

Bhutto's autobiography, completed just prior to the 1988 elections that brought her to power, is primarily an account of her journey from the secluded gardens of a privileged childhood to the battleground of Pakistani politics. Born to affluence, she attended Radcliffe and Oxford, living a life far removed from the strife of the street and the barracks. Then came the 1977 coup, the execution of her father by Mohammed Zia-ul-Haq, and a prolonged nightmare of threats, detention, solitary confinement, house arrest, and exile. The shackles on her life were intended to break her spirit, but she threw them off, charged with new energy. In the latter part of the book, Bhutto describes

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her return from exile in 1986, the mysterious death of Zia in an August 1988 plane crash, and the elections that fulfilled her "destiny."

Bhutto's account of her life has been criticized for a lack of objectivity and for its white-washed presentations, particularly of her father's political career. But all autobiographies contain biases and, considering what the Bhutto family has suffered, this book actually demonstrates a considerable restraint and lack of bitterness. Shaheen Ayubi

The Pacific Way: Regional Cooperation in the South Pacific. By Michael Haas. Westport, Conn.: Praeger, 1989. 208 pp. $42.95.

The term "Pacific Way" goes back at least to 1970, when Ratu Sir Kamisese Mara, Fiji's longtime prime minister, used it in reference to preparations for his region's independence. To him, it meant that island peoples of the South Pacific had developed distinct values and ways of life. Though ostensibly cultural, the concept was in fact political, designed to justify post-independence institutions that did not imitate European or Asian models — especially in land ownership and political authority.

The concept of a Pacific Way was furthered by the need of the small, newly independent island states to support joint institutions of diplomacy and higher education. And in that regard, it has succeeded to some extent. Building on colonial foundations, these states have worked together since independence to create the web of unique regional institutions that now gives some cohesion to the South Pacific: the Pacific Forum, the University of the South Pacific, and so on. Haas deserves thanks for providing basic information about these institutions and their histories, as well as offering considerable insight into the larger questions of regional cooperation.

Readers interested in the South Pacific today, however, will look in vain for much discussion of the challenges the region currently faces whether from internal tensions (Fiji's ethnic tensions) or from abroad (Libyan adventurism). One cannot help but wonder whether the informalities of the Pacific Way will be enough to see the region through.

LATIN AMERICA
by Michael Radu

APRA and the Democratic Challenge in Peru. Edited by Eugenio Chang-Rodriguez and Ronald G. Hellman. New York: Bildner Center for Western Hemisphere Studies of the City University of New York, 1988. 90 pp. $7.95 (paper).

Early in the 1920s, a former Bolshevik sympathizer from Peru, Victor Haya de la Torre, was living in Mexican exile and dreaming of a progressive

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party that would encompass all of Latin America. In 1924, he formed The Popular Revolutionary Alliance of America (Alianza Popular Revolucionaria Americana — APRA). But about all that has lasted is the Partido Aprista Peruano (Peruvian APRA Party — PAP). In 1985, PAP's thirty-six-year-old general secretary, Alan Garcia Perez, finally brought the party a presidential victory. Four years later, Garcia's support is under 10 percent and he presides over a collapsing economy, a growing leftist insurgency, and the transformation of Peru into Latin America's equivalent of Lebanon.

Undoubtedly, APRA and democracy face a challenge in Peru, but those true challenges get scant mention from this volume's contributors, all of whom are APRA officials or sympathizers. The best chapter by far is Chang's informed analysis of the Shining Path insurgency, though even this suffers from the omissions one might expect of an APRA official. Chang never mentions the Shining Path's chief rival, the Revolutionary Tupac Amaru Movement (MRTA), perhaps because it is in a sense a splinter of APRA; the top MRTA leader was an APRA youth boss.

Other than Chang, however, the contributors understand little about the origins of the Peruvian crisis, especially the economic ones. They applaud Garcia's wage-and-price controls, attempted nationalization of banks, and de facto moratorium on foreign-debt repayments. Their apologetics, in sum, fail to acknowledge the role of their own party in threatening Peru's fragile democracy.

Cuba: Between Reform and Revolution. Louis A. Pérez, Jr. New York: Oxford University Press, 1988. 504 pp. $24.95 ($12.95, paper).

In this compact history of Cuba, Pérez shows how Cuba has long been subject to forces beyond its control, including an economy highly vulnerable to fluctuations in the world sugar market and a sovereignty limited by great powers. As a result, he implies, Cubans need never take responsibility for their actions; someone else is always at fault. Even after thirty years of Fidel Castro, Pérez believes, every problem traces back to U.S. hostility.

While Pérez makes plain his general antipathy to the pervasive influence of external powers, his account reveals that some outside influences are better than others. In colonial times, the economy of Spanish-ruled Cuba lagged behind the economies of the British- and French-ruled islands of the Caribbean; the Cuban economy moved forward under a brief British occupation; and it flourished, both before and after independence, when enjoying free trade with the United States. Pérez concedes that Cuban socialism has not been a glorious success, but sees it, on balance, as a beneficial outcome to Cuba's lifelong struggle between liberal reformers and radical visionaries.

Written with great verve and a mastery of Cuban sources, the book is both highly readable and informative; it is unfortunate, however, that Pérez's sympathy for the Castro revolution blinds him to the realities of contemporary Cuba. There is no other way to explain his decision to classify the notorious

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Committees for the Defense of the Revolution — a spy-on-your-neighbor program through which the Castro regime strives to keep everyone in line — as an example of "democratization." Alan H. Luxenberg

Democracy in Colombia: Clientelist Politics and Guerrilla Warfare. By Jorge Pablo Osterling. New Brunswick, N.J.: Transaction Books, 1989. 353 pp. $39.95.

Colombia's violence often defies understanding, as does the resilience of Colombia's democratic political system in the face of such internal disruption. But where so many have failed to explain, Osterling succeeds. His analysis is a comprehensive, well-organized demonstration of the intricate ways in which Marxist-Leninist sects, the drug mafia, and ordinary citizens engaged in self-defense produce the Colombian situation.

Osterling does make some false or unproven assumptions about the violent left, however. The most basic is his belief that the guerrillas are a legitimate political force of significant size. In fact, their numbers, strength, and electoral performance demonstrate marginal support, at most. He describes the relationship between the largest guerrilla group and the Colombian Communist party as ambiguous, when the former is simply the violent arm of the latter. And the dependence of most of Colombia's Marxist-Leninist insurgent factions on Cuba and Nicaragua is barely mentioned.

Still, for those seeking to comprehend Colombia's contemporary politics, *Democracy in Colombia* is a good place to start. Osterling knows Colombia from within, but examines it with an outsider's critical eye.

European Socialism and the Conflict in Central America. By Eusebio M. Mujal-León. Washington, D.C.: Center for Strategic and International Studies, 1989. 127 pp. $32.95 ($12.95, paper).

Congressional Democrats, in opposing the executive branch's Central American policies, often object that these policies do not have the support even of the West European allies. But no one seems to ask if West Europeans have equally compelling security concerns in the region. And indeed, no one seems to ask whether the European allies voicing such objections are fully serious. Mujal-León's well-documented and solidly argued book exposes the price of not asking these questions.

Unfortunately, Mujal-León does not deal with the most irresponsible Yankee-bashing over Central American issues — that of socialists in Sweden, Greece, and Great Britain. But the analyses of Spanish, French, and West German socialists prove the point just as well. In all three instances, nagging Uncle Sam initially seemed a cost-free exercise to please constituents. Once the damage to relations with the United States became evident, however, and the quicksand of Latin American politics became better understood, national interests began to take precedence over "anti-imperialist" posturing.

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Mountain High, White Avalanche: Cocaine and Power in the Andean States and Panama. By Scott B. MacDonald. Washington, D.C.: Center for Strategic and International Studies, 1989. 153 pp. $11.95 (paper).

The body of literature on Latin America's drug production and drug trafficking seems to be growing as fast as drug use itself. Inevitably, new volumes tend to repeat existing ones, and certainly MacDonald repeats facts, assumptions, and trends already expounded in print. To his credit, however, he does so in highly readable form. MacDonald even manages some originality by examining countries less central to the hemispheric network of drug trafficking and terrorism, including Ecuador, Chile, Venezuela, and Argentina. In addition, more than most analysts, the author takes seriously the links between Marxist-Leninist revolutionaries in Colombia and Peru and the *narcotraficantes*.

When it comes to solutions, however, MacDonald's efforts are less impressive. In general, like others before him, MacDonald cannot choose between stopping demand and U.S. societal sickness, and stopping supply and Latin American greed. He does offer one intriguing proposal: that the U.S. government buy Latin American debt at highly discounted market rates, then use the face value of that debt in local currency to promote anti-drug policies: in essence, this means Latin American governments would pay off their debts in anti-drug programs.

The Progressive Church in Latin America. Edited by Scott Mainwaring and Alexander Wilde. Notre Dame, Ind.: University of Notre Dame Press, 1989. 352 pp. $32.95.

What should Roman Catholics emphasize when considering the Church's place in Latin America? The contribution of its radical elements to increasing polarization and violence in Latin America's political life? The dramatic decline of its influence and membership, as evidenced by the rise of fundamentalist, anti-communist evangelical sects in countries like Guatemala and El Salvador?

Unfortunately, this collection fails to address — or even to recognize — the issues confronting Catholicism south of the Rio Grande. One problem is the book's self-imposed limitations. Its case studies are restricted to Peru, Nicaragua, Brazil, and El Salvador — hardly a sweeping survey of Latin America. More important, though, is the extent to which the book's contributors have absorbed a Marxist-Leninist conceptual framework, as when they speak of Nicaragua's "popular Church" or of the "popular organizations" in El Salvador — assuming that what is Marxist must be popular, even though such groups are clearly in the minority. But perhaps the book's most fundamental flaw lies in its inexcusably selective scholarship. The contributors apparently declined to read (much less respond to) contrary opinions, for they cite none, whether by Catholic or non-Catholic authors.

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To Make the World Safe for Revolution: Cuba's Foreign Policy. By Jorge Domínguez. Cambridge, Mass.: Harvard University Press, 1989. 365 pp. $35.00.

Fidel Castro, a practitioner of *Realpolitik*, has shaped his foreign policy to preserve the Cuban Revolution. In 1959, he shrewdly propelled his country into the Soviet orbit; today, he shrewdly positions Cuba in the vanguard of Third World revolutionary movements. Such is the moral of Domínguez's important but flawed book.

Among the greatest of the book's flaws is the author's cautious resolve to say nothing of Cuba's support for revolutionary movements beyond what Cuban officials have admitted. That may make the allegations unassailable by leftist critics, but it also means neglecting the extensive collaboration between Castro's Americas Department and Latin American revolutionaries, as well as generally understating Havana's efforts "to make the world safe for revolution."

More cautiously still, Domínguez limits his policy proposals to suggesting that U.S.-Cuban negotiations be attempted in a few circumscribed fields — hijacking, immigration, Central America. He fails to see the conclusions that spring from his own study: that Castro is critically dependent on the USSR and an irreconcilable enemy of the United States. Obviously, Washington should not waste time trying to improve relations at the margins with Havana, but should pressure Moscow to trim Castro's sails.

Alan H. Luxenberg

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Mr. Falcoff is Resident Scholar in Foreign Policy at the American Enterprise Institute for Public Policy Research, Washington, D.C., and author of *Modern Chile, 1970-1989* (Transaction).

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During the last four months, ORBIS has converted to a desktop publishing system. Although this new technology will give us greater control over the editing and scheduling of the magazine, the conversion to desktop publishing has delayed the Fall issue by approximately one month. We apologize for any inconvenience this may have caused.

— The Editors

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